

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ *Christopher Skowron* Date ▶ 06 September 2023 | 5:57 PM CDT
DocuSigned by:
521A34726C05452... Christopher Skowron Title ▶ Senior Vice President, Tax
Print your name ▶

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

U.S. Renal Care, Inc.
FEIN: 62-1826478

Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

U.S. Renal Care, Inc. (the “**Company**”) is providing the information contained herein pursuant to the requirements of section 6045B of the Internal Revenue Code of 1986, as amended (the “**Code**”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations to the debt exchange described below and the potential effects on a debtholder’s adjusted U.S. tax basis resulting from such transactions.

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of debtholders. Debtholders are urged to consult their own tax advisors regarding the particular U.S. tax consequences of the transactions described herein and the impact to tax basis resulting from such transactions.

Unless otherwise specified herein, “section” references are to the Code or Treasury regulations promulgated thereunder, each in effect as of the date hereof.

Part I:

Line 9. Classification and description.

- Approximately \$1,153,613,223 in aggregate principal amount of term loans due June 28, 2026 (the “**2019 Existing Term Loans**”).¹ The 2019 Existing Term Loans were issued on June 28, 2019.
- Approximately \$220,565,007 in aggregate principal amount of term loans due June 28, 2026 (the “**2021 Existing Term Loans**”).² The 2021 Existing Term Loans were issued on April 30, 2021.

¹ The aggregate principal amount of the 2019 Existing Term Loans outstanding as of July 23, 2023, was \$1,537,010,247. Of that amount, holders of approximately 99.9% of the 2019 Existing Term Loans (i.e., holders of approximately \$1,536,138,223 aggregate principal amount) participated in the exchange described herein during the 13-day period beginning on July 24, 2023, by closing on the exchange or entering into unconditional binding agreements to exchange their 2019 Existing Term Loans. Holders of the remaining approximately 0.1% of 2019 Existing Term Loans (i.e., holders of approximately \$872,024 aggregate principal amount) may participate in future exchanges on the same terms as those described herein, and any such exchanges are expected to have similar U.S. federal income tax consequences as those described herein.

² The aggregate principal amount of the 2021 Existing Term Loans outstanding as of July 23, 2023, was \$221,062,501. Of that amount, holders of approximately 99.8% of the 2021 Existing Term Loans (i.e., holders of approximately \$220,565,007 aggregate principal amount) participated in the exchange described herein during the 13-day period beginning on July 24, 2023, by closing on the exchange or entering into unconditional binding agreements to exchange their 2021 Existing Term Loans. Holders of the remaining approximately 0.2% of 2021 Existing Term Loans (i.e., holders of approximately \$497,494 aggregate principal amount) may participate in future exchanges on the same terms as those described herein, and any such exchanges are expected to have similar U.S. federal income tax consequences as those described herein.

- Approximately \$1,493,197,746 in aggregate principal amount of first lien term loans due June 28, 2028 (the “**Exchange Term Loans**”).
- Approximately 6,886,140 of 10.625% Senior Notes due June 28, 2027, each with a principal amount of \$50 per note, and an aggregate principal amount of \$344,307,000 (collectively, the “**Existing Notes**”). The Existing Notes were issued on June 28, 2019.³
- Approximately 2,410,149 of 10.625% Senior Notes due June 28, 2028, each with a principal amount of \$50 per note, and an aggregate principal amount of \$120,507,450 (collectively, the “**Exchange Notes**”).⁴

Line 10. CUSIP number.

- 2019 Existing Term Loans CUSIP – 90290PAN4
- 2021 Existing Term Loans CUSIP – 90290PAQ7
- Exchange Term Loans CUSIP – 90290PAS3
- Existing Notes CUSIP – 07335BAA4
- Exchange Notes CUSIP – 90355YAA5

Part II:

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action.

On or about July 24, 2023, the Company consummated the following transactions (collectively, the “**Exchanges**”) with holders of the 2019 Existing Term Loans, 2021 Existing Term Loans, and Existing Notes (collectively, the “**Exchange Holders**”):

- 2019 Existing Term Loans
 - For every \$100 of principal amount of 2019 Existing Term Loans, holders received (1) \$85 of principal amount of Exchange Term Loans (\$1,305,717,490 in aggregate principal amount) and (2) cash for accrued and unpaid interest on the Existing Term Loans.
- 2021 Existing Term Loans
 - For every \$100 of principal amount of 2021 Existing Term Loans, holders received (1) \$85 of principal amount of Exchange Term Loans (\$187,480,256 in aggregate principal amount), (2) \$1.51 cash (\$3,330,532 in aggregate), and (3) cash for accrued and unpaid interest on the 2021 Existing Term Loans.
- Existing Notes
 - For every \$50 of principal amount of Existing Notes, holders received (1) \$17.50 of principal of Exchange Notes (\$120,507,450 in aggregate principal amount), (2) \$10 of cash

³ The Existing Notes were issued in \$50 increments, with a minimum note issuance of \$500.

⁴ The Exchange Notes were issued in \$50 increments, with a minimum note issuance of \$500.

(\$68,861,400 in aggregate), and (3) cash for accrued and unpaid interest on the Existing Notes.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Under U.S. federal income tax law, the Exchanges are expected to result in separate debt-for-debt exchanges of each of the 2019 Existing Term Loans, 2021 Existing Term Loans and Existing Notes under section 1001 on which gain or loss may be realized by the Exchange Holders if the Exchanges resulted in a “significant modification” of the 2019 Existing Term Loans, 2021 Existing Term Loans, and Existing Notes, as applicable.

The Company believes, and the remainder of this discussion assumes, that the Exchanges resulted in significant modifications of the 2019 Existing Term Loans, 2021 Existing Term Loans, and Existing Notes under Treas. Reg. section 1.1001-3. As a result, the Exchange Holders are expected to be treated as receiving the Exchange Term Loans or Exchange Notes, and cash in certain cases, in exchange for the 2019 Existing Term Loans, 2021 Existing Term Loans, or Existing Notes, as described above.

Consequently, the Exchange Holders are expected to realize (but, subject to the recapitalization rules discussed below, not necessarily recognize) gain or loss (if any) as a result of the Exchanges.

The tax treatment of the Exchanges depends on whether they constitute recapitalizations under section 368(a)(1)(E) (“**Section 368(a)(1)(E) Recapitalization**”). In the case of each Exchange, the determination of whether the Exchange constitutes a Section 368(a)(1)(E) Recapitalization depends, *inter alia*, on whether each of the 2019 Existing Term Loans, 2021 Existing Term Loans, or Existing Notes surrendered, and the Exchange Term Loans or Exchange Notes received therefor, constitute “securities” for purposes of section 354. Neither the Code nor the Treasury regulations define the term security. Whether a debt instrument is a security is based on all of the facts and circumstances, but most authorities have held that the term to maturity of the debt instrument is one of the most significant factors. In this regard, debt instruments with a term of ten years or more generally have qualified as securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. Here, the 2019 Existing Term Loans, 2021 Existing Term Loans, and Existing Notes had terms of seven years, approximately five years, and eight years, respectively. The Exchange Term Loans and Exchange Notes have a term of approximately five years.

If the 2019 Existing Term Loans, 2021 Existing Term Loans, Existing Notes, Exchange Term Loans, and Exchange Notes (as applicable) are determined to constitute securities for purposes of section 354, and the respective exchanges of 2019 Existing Term Loans, 2021 Existing Term Loans, and Existing Notes for Exchange Term Loans or Exchange Notes, as applicable, otherwise qualify as Section 368(a)(1)(E) Recapitalizations, the Exchange Holders generally are expected not to recognize gain or loss with respect to the Exchanges, except to the extent of cash or other “boot” received by the Exchange Holders as part of the Exchanges (other than cash for accrued and unpaid interest). Specifically, an Exchange Holder is expected to be required to recognize gain on

an exchange of 2021 Existing Term Loans and Existing Notes (as applicable) in an amount equal to the lesser of (1) the total gain realized by the Exchange Holder with respect to such 2021 Existing Term Loans or Existing Notes, and (2) the amount of cash received as part of the exchange for such 2021 Existing Term Loans or Existing Notes (other than cash for accrued and unpaid interest).

Here, the total gain realized by an Exchange Holder with respect to the Exchanges is expected to equal the excess, if any, of (1) the sum of (a) the issue price of the Exchange Term Loans or Exchange Notes received and (b) the cash received over (2) the Exchange Holder's adjusted tax basis in the 2019 Existing Term Loans, 2021 Existing Term Loans, or Existing Notes exchanged. For Exchange Holders that received a cash payment, gain may be recognized as described above. An Exchange Holder's adjusted tax basis in the Exchange Term Loans or Exchange Notes received is expected to be equal to its adjusted tax basis in the 2019 Existing Term Loans, 2021 Existing Term Loans, or Existing Notes exchanged for such Exchange Term Loans or Exchange Notes, less the amount of the cash payment received, plus the amount of gain recognized on the exchange.

To the extent the Exchanges do not qualify as Section 368(a)(1)(E) Recapitalizations, an Exchange Holder's aggregate initial tax basis in the Exchange Term Loans or Exchange Notes generally is expected to be equal to their issue price.

Exchange Holders participating in the Exchanges should consult their tax advisors to determine the U.S. federal income tax consequences to them of the Exchanges.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

See response to Line 15 above.

To the extent the Exchanges are Section 368(a)(1)(E) Recapitalizations, an Exchange Holder's aggregate initial tax basis in the Exchange Term Loans or Exchange Notes is expected to equal its aggregate adjusted tax basis in the 2019 Existing Term Loans, 2021 Existing Term Loans, or Existing Notes exchanged for the Exchange Term Loans or Exchange Notes less the amount of the cash payment received, plus the amount of any gain recognized.

To the extent the Exchanges are exchanges that do not qualify as Section 368(a)(1)(E) Recapitalizations, an Exchange Holder's aggregate initial tax basis in the Exchange Term Loans or Exchange Notes is expected to equal their issue price.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Sections 354, 356, 358, 368, 1001, 1012, 1273, and 1275.

Line 18. Can any resulting loss be recognized?

The Exchanges generally should not result in loss being recognized by the Exchange Holders to the extent the Exchanges are Section 368(a)(1)(E) Recapitalizations.

The Exchanges may result in an Exchange Holder recognizing a loss to the extent the Exchanges are treated as exchanges that are not Section 368(a)(1)(E) Recapitalizations and such Exchange Holder's tax basis in the 2019 Existing Term Loans, 2021 Existing Term Loans, or Existing Notes exchanged exceeds the aggregate of the issue price of the Exchange Term Loans or Exchange Notes, as applicable, received plus the amount of any cash payment received.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The organizational actions occurred on July 24, 2023. The reportable tax year is 2023 for calendar-year taxpayers.