
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

January 25, 2018
Date of report (date of earliest event reported)

Surgery Partners, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdictions of
incorporation or organization)

001-37576
(Commission
File Number)

47-3620923
(I.R.S. Employer
Identification Nos.)

310 Seven Springs Way, Suite 500
Brentwood, Tennessee 37027
(Address of principal executive offices) (Zip Code)

(615) 234-5900
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On January 29, 2018, Surgery Partners, Inc. (the “Company”) issued a press release relating to the matters set forth in Item 5.02, as well as reaffirming its guidance for the fiscal year ended December 31, 2017. See the press release attached as Exhibit 99.1. In accordance with General Instruction B.2 of Form 8-K, the information provided pursuant to this Item 2.02 shall not be deemed “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Appointment of R. David Kretschmer as CSTO and Interim CFO; Resignation of Teresa Sparks as CFO

On January 25, 2018, the Board of Directors (the “Board”) of the Company appointed R. David Kretschmer, age 59, to serve as Chief Strategy and Transformation Officer. In the near term, Mr. Kretschmer will also serve as interim Chief Financial Officer of the Company, following the departure of Teresa Sparks, who stepped down from her role as Chief Financial Officer of the Company, effective as of January 25, 2018.

Mr. Kretschmer joins Surgery Partners from Anthem, Inc. (“Anthem”), where he most recently served as Senior Vice President of Treasury and Corporate Strategy. From February 1991 to February 2018, Mr. Kretschmer held many responsibilities at Anthem, including treasury and corporate finance activities, enterprise risk management, corporate strategy and development, cash collections and disbursements, and management of Anthem’s \$24 billion investment portfolio. Prior to his time at Anthem, Mr. Kretschmer held a variety of financial management and corporate finance roles. Mr. Kretschmer will begin his new roles at Surgery Partners on February 12, 2018. Mr. Kretschmer received his B.S. in Business from the George Washington University and his M.B.A. from the University in Chicago.

Employment Agreement with R. David Kretschmer

On January 25, 2018, the Company entered into an employment agreement with Mr. Kretschmer (the “Employment Agreement”). Pursuant to the terms of the Employment Agreement, Mr. Kretschmer is entitled to receive an annual base salary of \$450,000 subject to adjustment at the discretion of the Board or the Compensation Committee of the Board (the “Compensation Committee”). In addition, Mr. Kretschmer is eligible to earn an annual bonus with a target amount equal to 60% of Mr. Kretschmer’s base salary, with the amount of such bonus to be determined by the Board or the Compensation Committee based on the achievement of performance goals established by the Board or the Compensation Committee. Mr. Kretschmer is also entitled to a conditional cash award (the “Conditional Cash Award”) following his start date, not to exceed \$270,000, based on the bonus paid by his prior employer. The Conditional Cash Award must be repaid to the Company in the event Mr. Kretschmer leaves the Company under certain circumstances within two years of his commencement of employment. The Employment Agreement entitles Mr. Kretschmer to participate in Company employee benefit programs for which senior executives of the Company are generally eligible, subject to the eligibility and participation requirements thereof.

The Employment Agreement also provides that Mr. Kretschmer will be granted, on or as soon as reasonably practicable following commencement of his employment, the following equity incentive awards, each of which is subject in all respects to the Company’s 2015 Omnibus Incentive Plan (a copy of which was filed as Exhibit 4.3 to the Company’s Registration Statement on Form S-8 filed on October 6, 2015) (the “Incentive Plan”):

(i) A restricted stock award of shares common stock of the Company, par value \$ 0.01 per share (the “Common Stock”), worth \$500,000 on the date of grant (the “Restricted Stock Award”). The Restricted Stock Award will vest as to one-third of the award on each of the first three anniversaries of the date of grant, generally subject to continued employment on each vesting date; and

(ii) A leveraged performance unit award (the “LPU Award”) with a target number of units equal to 23,682 shares of Common Stock. The LPU Award is eligible to be earned based on the compound annual growth rate of the Company’s total stockholder return considered both alone and relative to that of the companies that make up the S&P Composite 1500 Health Care Companies, over a three-year performance period. The number of shares issuable under such award will be determined based on the level at which the goals are achieved and can range from 0% of the shares subject to the award to a maximum of 500% of such shares (or eight times the grant date fair value of the award, if less). The portion of the LPU Award that becomes earned, if any, following completion of the performance period vests as to one-third of the award on each of the performance period end date and the first two anniversaries of the performance period end date, subject to continued employment on each vesting date.

In addition, Mr. Kretschmer is entitled to reimbursement of reasonable expenses incurred in connection with his relocation to a location that is a reasonable commuting distance to the Company’s principal executive officers, including a tax gross-up on such expenses, subject to any restrictions set by the Company and to such reasonable substantiation and documentation as may be specified

by the Company. The Employment Agreement may be terminated (i) by Mr. Kretschmer upon 60 days' advance written notice, (ii) by Mr. Kretschmer for "Good Reason," (iii) upon Mr. Kretschmer's death or disability or (iv) by the Company upon notice, or at any time for "Cause." If Mr. Kretschmer's employment is terminated by the Company without "Cause" or if he resigns for "Good Reason," Mr. Kretschmer will be entitled to receive, subject to the execution of a release of claims and continued compliance with the restrictive covenants contained in the Employment Agreement, (i) 12 months base salary and target annual bonus, payable in the form of salary continuation over the 12-month period following the date of termination, and (ii) if Mr. Kretschmer timely elects continued coverage under COBRA, and for so long as he remain eligible for COBRA coverage during the 12-month period following the date of his termination of employment, an additional cash payment equal to the portion of the monthly group health insurance premiums that the Company contributes for its active employees.

Pursuant to the Employment Agreement, Mr. Kretschmer is bound by certain restrictive covenants, including non-competition and non-solicitation restrictions for a period of 18 months following the termination of his employment. The Employment Agreement includes certain other customary terms, including with respect to protection of confidential information and documents, assignment of intellectual property rights, reimbursement of business expenses, and director and officer indemnification and insurance coverage.

Mr. Kretschmer has also entered into the Company's standard form of indemnification agreement, a copy of which is filed as Exhibit 10.14 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed on September 14, 2015.

The foregoing description of the Employment Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Employment Agreement, which is incorporated into this Item 5.02 by reference to Exhibit 10.1 of this Current Report on Form 8-K.

Separation and Consulting Agreement with Teresa Sparks

Also on January 25, 2018, the Company and Ms. Sparks entered into a separation and consulting services agreement (the "*Consulting Agreement*"), pursuant to which Ms. Sparks will provide certain consulting services to the Company and its subsidiaries for a period of six (6) months following the effective date of her resignation (the "*Resignation Date*"). In exchange, the Company will pay Ms. Sparks an aggregate consulting fee of \$225,000, payable in lump sum no later than 30 days following the Resignation Date. Ms. Sparks is also entitled to reimbursement of up to \$5,000 for reasonable and documented attorneys fees incurred in connection with the drafting of the Consulting Agreement.

The foregoing description of the Consulting Agreement does not purport to be complete and is subject to, and qualified in its entirety by the full text of the Consulting Agreement, which is incorporated into this Item 5.02 by reference to Exhibit 10.2 of this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Employment Agreement, by and among Surgery Partners, Inc., Surgery Partners, LLC and R. David Kretschmer, dated January 25, 2018.</u>
10.2	<u>Separation and Consulting Services Agreement, by and between Surgery Partners, Inc. and Teresa Sparks, dated January 25, 2018.</u>
99.1	<u>Press Release, dated January 29, 2018 issued by Surgery Partners, Inc.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Surgery Partners, Inc.

By: /s/ Jennifer Baldock
Jennifer Baldock
Senior Vice President, General Counsel

Date: January 29, 2018

January 25, 2018

David Kretschmer

Dear Mr. Kretschmer:

This letter (the "Agreement") confirms the terms and conditions of your employment with Surgery Partners, Inc. ("Parent") and Surgery Partners, LLC (together with Parent, the "Company").

1. **Position and Duties.** Effective as of February 12, 2018 (the "Start Date"), you will be employed by the Company, on a full-time basis, as its Interim Chief Financial Officer and Chief Strategy and Transformation Officer, with such duties as are required by that position and as may be assigned to you from time to time by the Company's Chief Executive Officer ("CEO"). While employed by the Company, you will be expected to devote your full business time and your best professional efforts to the advancement of the business interests of the Company and its Affiliates. (For purposes of this Agreement, "Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.) You may, however, continue to participate in charitable and philanthropic activities, manage your personal investments, and, with the consent of the CEO, serve on the board of directors or managers of for-profit and not-for-profit companies or organizations, as long as such activities, in the aggregate, do not interfere or conflict with the performance of your duties and responsibilities to the Company or result in a breach of your obligations under this Agreement, including but not limited to the terms and conditions set forth in Section 3 herein. You will discharge the duties and responsibilities of a chief financial officer, chief strategy and transformation officer and such other duties and responsibilities as are specified by the CEO reasonably consistent with that position. You agree that, while employed by the Company, you will comply with all Company policies, practices and procedures and all codes of ethics or business conduct applicable to your position, as in effect from time to time.

2. **Compensation and Benefits.** During your employment, as compensation for all services performed by you for the Company and its Affiliates and subject to your full performance of your obligations hereunder, the Company will provide you the following pay and benefits:

(a) **Base Salary.** The Company will pay you a base salary at the rate of four hundred fifty thousand dollars (\$450,000) per year, payable in accordance with the regular payroll practices of the Company and subject to adjustment from time to time by Parent's Board of Directors (the "Board") or its designee in its discretion (as adjusted from time to time, the "Base Salary").

(b) Annual Incentive Compensation. For each fiscal year completed during your employment under this Agreement, you will be eligible to earn an annual bonus (the "Annual Bonus"). Your target Annual Bonus will be sixty percent (60%) of the Base Salary, with the actual amount of any such bonus being determined by the Board or its designee in its discretion, based on the achievement of performance goals previously established by the Board or its designee in its discretion. Your Annual Bonus shall be payable no later than March 15 of the year following the fiscal year with respect to which such bonus was earned, subject to your remaining employed by the Company on the date that such bonus is paid, except as otherwise provided herein.

(c) Equity Awards.

(i) Initial Equity Grants. Subject to approval by the Board or its designee, you will be granted on or as soon as reasonably practicable following the Start Date:

(1) A restricted stock award, with the number of shares subject to the award determined by dividing \$500,000 by the closing price of a share of Parent common stock on the date of grant, which restricted stock award will vest as of one-third of the award on each of the first, second and third anniversaries of the date of grant, generally contingent upon your continued employment through each such vesting date (except as expressly provided in the award agreement evidencing the grant of such restricted stock award); and

(2) A leveraged performance unit ("LPU") award, with a target number of units equal to 23,682 shares of Parent common stock, which LPU award will be eligible to be earned based on the compound annual growth rate ("CAGR") of Parent's total stockholder return, considered both alone and relative to that of the companies that make up the S&P Composite 1500 Health Care Companies over a three-year performance period, and will thereafter vest as to one-third of the earned LPU award on each of the performance period end date, and the first and second anniversaries of the performance period end date, in each case, generally contingent upon your continued employment through each such vesting date (except as expressly provided in the award agreement evidencing the grant of such LPU award).

(ii) Future Equity Awards. Following the Start Date, you will be eligible for annual equity grants under Parent's equity incentive plan at such times and in such forms as determined by the Board or its designee in its discretion.

(iii) Terms and Conditions. The incentive equity described herein shall be subject in all respects to Parent's equity incentive plan and the award agreements under which such equity has been granted.

(d) Conditional Cash Award. It is our shared understanding that if you were to continue in employment with your previous employer instead of accepting employment with the Company, you would expect to receive an annual bonus payment in respect of the 2017 fiscal year, which amount would be based on (i) your annual salary multiplied by (ii) your target bonus percentage multiplied by (iii) a specified percentage based on the achievement of certain performance goals under your previous employer's annual incentive plan. As soon as reasonably practicable following your Start Date, you will present the Company with documentation

specifying the annual bonus payment you actually received from your previous employer and the annual bonus payment to which you would have been entitled under the formula set forth above. To the extent that the amount you actually received is less than the payment to which you would have been entitled, the Company will pay you an amount equal to the difference between such payments, not to exceed \$270,000. Such amount, if any, will be paid to you by the Company in cash no later than April 30, 2018. Such payment shall be subject to full recoupment by the Company, and you hereby agree to repay such amount in full, in the event you voluntarily terminate your employment with the Company, other than for Good Reason, or your employment is terminated for Cause, within two (2) years of the Start Date.

(e) Participation in Employee Benefit Plans, Vacation and Other Company Policies. You will be entitled to participate in all employee benefit plans from time to time in effect for senior executives generally, except to the extent such plans are duplicative of benefits otherwise provided to you under this Agreement. Your participation will be subject to the terms of the applicable plan documents and generally applicable Company policies, as the same may be in effect from time to time, and any other restrictions or limitations imposed by law. You will also be entitled to vacation and other paid time off, in addition to holidays observed by the Company, in accordance with the Company's policies as in effect from time to time. Vacation may be taken at such times and intervals as you shall determine, subject to the business needs of the Company.

(f) Business and Relocation Expenses. The Company will pay or reimburse you for all reasonable business expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to any restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as may be specified from time to time. In addition, the Company will pay or reimburse you for your reasonable expenses of relocating from Indiana to a location that is a reasonable commuting distance from the Company's principal executive offices in Nashville, Tennessee, subject to any restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as may be specified from time to time. The Company shall also provide you with a tax gross-up for applicable federal, state and local taxes paid by you in connection with the relocation expenses described in this Section 2(f), to the extent such expenses are taxable to you. Your right to payment or reimbursement for expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other calendar year, (ii) payment or reimbursement of any amounts hereunder shall be made not later than December 31 of the calendar year following the calendar year in which the expense or payment was incurred, and (iii) the right to payment or reimbursement is not subject to liquidation or exchange for any other benefit.

3. **Confidential Information and Restricted Activities.**

(a) Confidential Information. During the course of your employment with the Company, you will learn of Confidential Information, as defined below, and you may develop Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person (except as required by applicable law or for the proper

performance of your regular duties and responsibilities for the Company) any Confidential Information obtained by you incident to your employment or any other association with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment terminates, regardless of the reason for such termination. For purposes of this Agreement, "Confidential Information" means any and all information of the Company and its Affiliates that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this Agreement. For purposes of this Agreement, "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates. Nothing in this Agreement limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity. You cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed under seal in a lawsuit or other proceeding. Notwithstanding this immunity from liability, you may be held liable if you unlawfully access trade secrets by unauthorized means.

(b) Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the "Documents"), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to safeguard all Documents and to surrender to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all Documents then in your possession or control. You also agree to disclose to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information which you have password-protected on any computer equipment, network or system of the Company or any of its Affiliates.

(c) Assignment of Rights to Intellectual Property. You shall promptly and fully disclose all Intellectual Property to the Company. You hereby assign and agree to assign to the Company (or as otherwise directed by the Company) your full right, title and interest in and to all Intellectual Property. You agree to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of further instruments of assignment or confirmation and the provision of good faith testimony by declaration, affidavit or in-person) requested by the Company to assign the Intellectual Property to the Company (or as otherwise directed by the Company) and to permit the Company to secure, prosecute and enforce any patents, copyrights or other proprietary rights to the Intellectual Property. You will not charge the Company for time spent in complying with these obligations. All copyrightable works that you create during your employment shall be considered "work made for hire" and shall, upon

creation, be owned exclusively by the Company. For purposes of this Agreement, “Intellectual Property” means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by you (whether alone or with others, whether or not during normal business hours or on or off Company premises) during your employment and during the period of six (6) months immediately following termination of your employment that relate either to the business of the Company or any of its Affiliates or to any prospective activity of the Company or any of its Affiliates and that result from any work performed by you for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.

(d) Restricted Activities. You agree that the following restrictions on your activities during and after your employment are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates:

(i) While you are employed by the Company and during the eighteen (18)-month period immediately following termination of your employment, regardless of the reason therefor (in the aggregate, the “Restricted Period”), you shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company or any of its Affiliates in any geographic area in which the Company does business or is actively planning to do business during your employment or, with respect to the portion of the Restricted Period that follows the termination of your employment, at the time your employment terminates (the “Restricted Area”) or undertake any planning for any business competitive with the Company or any of its Affiliates in the Restricted Area. Specifically, but without limiting the foregoing, you agree not to work or provide services, in any capacity, anywhere in the Restricted Area, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in any business that is competitive with all or any portion of the business of the Company or its Affiliates, as conducted or in planning during your employment with the Company, or, with respect to the portion of the Restricted Period that follows the termination of your employment, at the time your employment terminates. Notwithstanding the foregoing, the ownership, whether directly or indirectly, of not more than two percent (2%) of the outstanding securities of any class of any entity that is listed on a national securities exchange or quoted or traded in the over-the-counter market shall not be considered a violation of this Section 3(d)(i).

(ii) During the Restricted Period, you will not directly or indirectly (A) solicit or encourage any customer, vendor, supplier or other business partner of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (B) seek to persuade any such customer, vendor, supplier or other business partner or prospective customer, vendor, supplier or other business partner of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer, vendor, supplier or other business partner or such prospective customer, vendor, supplier or other business partner conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply (y) only with respect to those Persons who are or have been a business partner of the Company or any of its Affiliates at any time within the immediately preceding two (2)-year period or whose business has been solicited on behalf of the Company or any of the Affiliates by any of their officers, employees or agents within such two (2)-year period, other than by form letter,

blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its Affiliates or have had access to Confidential Information which would assist in your solicitation of such Person.

(iii) During the Restricted Period, you will not, and will not assist any other Person to, (A) hire or engage, or solicit for hiring or engagement, any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment or (B) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish his, her or its relationship with them. For the purposes of this Agreement, an “employee” or an “independent contractor” of the Company or any of its Affiliates is any person who was such at any time within the preceding two (2) years.

(e) In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on you under this Section 3. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Section 3, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition and not in the alternative to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond, together with an award of its reasonable attorney’s fees incurred in enforcing its rights hereunder. Should the Company unsuccessfully pursue you for any form of relief related to an alleged breach or threatened breach by you, the Company will pay your reasonable attorney’s fees incurred in defending such claims. So that the Company may enjoy the full benefit of the covenants contained in this Section 3, you further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by you of any of the covenants contained in this Section 3. You and the Company further agree that, in the event that any provision of this Section 3 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Company’s Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 3. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company, or change in the nature or scope of your employment or other relationship with the Company or any of its Affiliates, shall operate to excuse you from the performance of your obligations under this Section 3.

4. **Termination of Employment.** Your employment under this Agreement will continue until terminated pursuant to this Section 4.

(a) By the Company for Cause. The Company may terminate your employment for Cause upon notice to you setting forth in reasonable detail the nature of the cause. The following, as determined by the Board in its reasonable judgment, shall constitute “Cause” for termination: (i) failure to adhere to the lawful direction of the CEO or adhere to the lawful policies and practices of the Company or any of its Affiliates, or substantial negligence in the performance of your duties and responsibilities, (ii) a material breach of a provision of the Agreement or any other written agreement (including any equity grant agreement), (iii) the commission of a felony or of any crime involving moral turpitude, or (iv) other conduct which is or could reasonably be expected to be materially injurious to the Company or an Affiliate of the Company. Conduct described in clause (i) or (ii) above that is susceptible of being cured will constitute Cause only if written notice is provided to you of such failure or breach within sixty (60) days of such failure or breach and you fail to cure the failure or breach within thirty (30) days after delivery of such notice; provided, that only one notice and opportunity to cure will be provided with respect to any multiple, repeated, related or substantially similar events or circumstances. If, subsequent to your termination of employment hereunder other than an involuntary termination for Cause, it is determined in good faith by the Board that your employment could have been terminated for Cause, your employment shall be deemed to have been terminated for Cause retroactively.

(b) By the Company without Cause. The Company may terminate your employment at any time other than for Cause upon notice to you.

(c) Resignation by You without Good Reason. You may terminate your employment at any time upon sixty (60) days’ notice to the Company. The Company may elect to waive such notice period or any portion thereof; but in that event, the Company shall pay you your Base Salary for that portion of the notice period so waived.

(d) Resignation by You with Good Reason. You may terminate your employment as provided below for Good Reason. “Good Reason” means the occurrence of any of the following events, without your consent: (i) a material diminution in your position, duties or responsibilities, or (ii) a material diminution in your base salary (unless applied across the board to all members of management); it being understood that your removal from the position of Interim Chief Financial Officer shall not constitute grounds for “Good Reason” hereunder. For a termination to qualify as a “Good Reason” termination (A) you must have provided the Company written notice within thirty (30) days following the occurrence of an event that allegedly constitutes Good Reason specifying in reasonable detail the nature thereof, (B) the Company must have failed to cure within thirty (30) days after receiving the notice, and (C) you must have resigned within thirty (30) days following the failure to cure.

(e) Death and Disability. Your employment hereunder shall automatically terminate in the event of your death during employment. In the event you become disabled during employment and, as a result, are unable to continue to perform substantially all of your duties and responsibilities under this Agreement, either with or without reasonable accommodation, the Company will continue to pay you your Base Salary and to provide you benefits in accordance with Section 2(e) above, to the extent permitted by plan terms, for up to twelve (12) weeks of disability during any period of three hundred sixty-five (365) consecutive calendar days. If you are unable to return to work after twelve (12) weeks of disability, the

Company may terminate your employment, upon notice to you. If any question shall arise as to whether you are disabled to the extent that you are unable to perform substantially all of your duties and responsibilities for the Company and its Affiliates, you shall, at the Company's request, submit to a medical examination by a physician selected by the Company to whom you or your guardian, if any, has no reasonable objection to determine whether you are so disabled, and such determination shall for purposes of this Agreement be conclusive of the issue. If such a question arises and you fail to submit to the requested medical examination, the Company's determination of the issue shall be binding on you.

5. **Other Matters Related to Termination.**

(a) **Final Compensation.** In the event of termination of your employment with the Company, howsoever occurring, the Company shall pay you (i) the Base Salary for the final payroll period of your employment, through the date your employment terminates; (ii) compensation at the rate of the Base Salary for any vacation time earned but not used as of the date your employment terminates; (iii) except if your employment is terminated by the Company pursuant to Section 4(a), any unpaid Annual Bonus for the year preceding the year in which termination occurs, payable when such bonuses are paid to active employees; and (iv) reimbursement, in accordance with Section 2(f) hereof, for business expenses incurred by you but not yet paid to you as of the date your employment terminates; provided you submit all expenses and supporting documentation required within sixty (60) days of the date your employment terminates, and provided further that such expenses are reimbursable under Company policies as then in effect (all of the foregoing, "**Final Compensation**"). Except as otherwise provided in Section 5(a)(iii) and Section 5(a)(iv), Final Compensation will be paid to you within thirty (30) days following the date of termination (or such shorter period required by law).

(b) **Severance Payments.** In the event your employment is terminated by the Company pursuant to Sections 4(b) or 4(d) above, the Company will pay you, in addition to Final Compensation, (i) severance pay equal to twelve (12) months of your final Base Salary plus your target Annual Bonus (as set forth in Section 2(b)), payable in the form of salary continuation in substantially equal installments during the twelve (12)-month period following the date of your termination of employment, and (ii) if you timely elect continued coverage under COBRA, and for so long as you remain eligible for COBRA coverage during the twelve (12)-month period following the date of your termination of employment, the Company will pay you, on a monthly basis, an additional cash payment that equals the portion of the monthly group health insurance premiums that it contributes for its active employees (together with (i), the "**Severance Payments**"). Notwithstanding the foregoing, in the event the Company's payment of the additional cash payment described in subsection (ii) would subject you or the Company to any tax or penalty under the Patient Protection and Affordable Care Act (as amended from time to time, the "**ACA**") or Section 105(h) of the Internal Revenue Code of 1986, as amended ("**Section 105(h)**"), or applicable regulations or guidance issued under the ACA or Section 105(h), then you and the Company agree to work together in good faith, consistent with the requirements for compliance with or exemption from Section 409A, to restructure such benefit.

(c) Conditions To and Timing of Severance Payments. Any obligation of the Company to provide you the Severance Payments is conditioned on your signing and returning to the Company a timely and effective separation agreement containing a general release of claims and other customary terms in the form provided to you by the Company at the time your employment is terminated (the "Separation Agreement"). The Separation Agreement must become effective, if at all, by the sixtieth (60th) calendar day following the date your employment is terminated. Any Severance Payments to which you are entitled will be provided in the form of salary continuation, payable in accordance with the normal payroll practices of the Company. The first payment will be made on the Company's next regular payday following the expiration of sixty (60) calendar days from the date of termination; but that first payment shall be retroactive to the day following the date your employment terminates.

(d) Benefits Termination. Except for any right you may have under the federal law known as "COBRA" or other applicable law to continue participation in the Company's group health and dental plans at your cost, your participation in all employee benefit plans shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of your employment, without regard to any continuation of base salary or other payment to you following termination and you shall not be eligible to earn vacation or other paid time off following the termination of your employment.

(e) Survival. Provisions of this Agreement shall survive any termination of employment if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation your obligations under Section 3 of this Agreement. The obligation of the Company to make payments to you under Section 5(b), and your right to retain the same, are expressly conditioned upon your continued full performance of your obligations under Section 3 hereof. Upon termination by either you or the Company, all rights, duties and obligations of you and the Company to each other shall cease, except as otherwise expressly provided in this Agreement.

6. Timing of Payments and Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, if at the time your employment terminates, you are a "specified employee," as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon your death; except (i) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (ii) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (C) other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A").

(b) For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service"

(as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term “specified employee” means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-1(i).

(c) Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

(d) It is the intent of the parties hereto that the payments and benefits under this Agreement comply with (or be exempt from) Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event, however, shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

7. **Conflicting Agreements.** You hereby represent and warrant that your signing of this Agreement and the performance of your obligations under it will not breach or be in conflict with any other agreement to which you are a party or are bound, and that you are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of your obligations under this Agreement. You agree that you will not disclose to or use on behalf of the Company any confidential or proprietary information of a third party without that party’s consent.

8. **Withholding.** All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

9. **Recoupment.** The Company may recover amounts paid to you hereunder (including, without limitation, as provided in Section 2(d)) or under any other plan or program of, or agreement or arrangement with, the Company, and any gain in respect of any equity awards granted to you, in accordance with any applicable Company clawback or recoupment policy that is generally applicable to the Company’s other senior executives, as such policy may be amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended.

10. **Assignment.** Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without your consent to one of its Affiliates or to any Person with whom the Company shall hereafter effect a reorganization, consolidation or merger, or to whom the Company shall hereafter transfer all or substantially all of the properties or assets related to the business for which you work. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of your or its respective successors, executors, administrators, heirs and permitted assigns.

11. **Severability.** If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

12. **Miscellaneous.** This Agreement sets forth the entire agreement between you and the Company, and replaces all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the terms and conditions of your employment. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and an expressly authorized representative of the Board. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. Provisions of this Agreement shall survive any termination or expiration hereof or any termination of your employment if so provided in this Agreement or as necessary or desirable to accomplish the purpose of the surviving provisions. This is a Tennessee contract and shall be governed and construed in accordance with the laws of the State of Tennessee, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction. You agree to submit to the exclusive jurisdiction of the courts of or in the State of Tennessee in connection with any dispute arising out of this Agreement.

13. **D&O Insurance.** You shall be entitled to coverage under the director's and officer's indemnification insurance policy maintained by the Company as in effect from time to time with respect to acts undertaken by you in connection with your employment by the Company in accordance with the terms of such insurance policy.

14. **Notices.** Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, and addressed to you at your last known address on the books of the Company or, in the case of the Company, to it at its principal place of business, attention of the Secretary of the Company, or to such other address as either party may specify by notice to the other actually received.

[Remainder of page intentionally left blank.]

If the foregoing is acceptable to you, please sign this letter in the space provided and return it to me no later than January 26, 2018. At the time you sign and return it, this letter will take effect as a binding agreement between you and the Company on the basis set forth above. The enclosed copy is for your records.

Sincerely yours,

Surgery Partners, Inc.

By: /s/ Wayne S. DeVeydt

Name: Wayne S. DeVeydt

Title: CEO

Surgery Partners, LLC

By: /s/ Jennifer Baldock

Name: Jennifer Baldock

Title: SVP & General Counsel

Accepted and Agreed:

/s/ David Kretschmer

David Kretschmer

Date: 1/25/18



January 25, 2018

By Hand Delivery

Ms. Teresa Sparks
2740 Tollie Lane
Thompson's Station, TN 37179

Dear Ms. Sparks:

This letter constitutes formal acceptance on behalf of Surgery Partners, Inc. and Symbion, Inc. (together, the "Company") of your resignation from employment, and any and all positions and offices you hold, with the Company and its Affiliates effective January 25, 2018 (the "Termination Date"). By your signature below you hereby resign from all such positions and offices, effective as of the Termination Date. Your resignation will be treated by the Company as a termination without Cause pursuant to Section 4(a)(ii) of your Employment Agreement with the Company, dated as of September 17, 2015 and amended as of December 21, 2017 (the "Employment Agreement") for purposes of the Employment Agreement. All capitalized terms used in this letter, but not defined herein, have the meaning ascribed to those terms in the Employment Agreement.

As a consequence of the termination of your employment, you will qualify for certain payments from the Company as specified in Section 4(g)(iii) of the Employment Agreement, provided you meet certain conditions set forth in Section 4(g)(v) of the Employment Agreement. One of those conditions is that you sign and return on a timely basis a release of claims in the form attached hereto as Exhibit A. Because the release of claims imposes legal obligations, the Company advises you to seek the advice of an attorney before signing it. Also, please note that the release, to be valid, may not be signed prior to the Termination Date. Upon receipt of your executed version of Exhibit A, the Company agrees to promptly execute such release and return an executed copy to you. For the avoidance of doubt, assuming you return an executed version of Exhibit A to the Company and do not revoke your agreement to such release within 30 days following your Termination Date, the Company confirms that you will be paid \$783,750, less all applicable taxes, as severance under Section 4(g)(iii) of the Employment Agreement within thirty (30) days following the Termination Date. The parties hereto agree that this payment date complies with the requirements of Section 22 of the Employment Agreement.

Any equity incentive awards that you hold as of the Termination Date shall be governed by the applicable equity incentive plan and award agreement evidencing such grant or grants and your resignation shall be treated as a termination without Cause for purposes of such awards. As such, upon the Termination Date, your outstanding equity incentive awards (other than the Leveraged Performance Unit Award (the "LPU Award")) shall fully vest (such that 36,612 shares shall be fully vested) and your rights under the LPU Award shall be treated in accordance with the award agreement governing such award.

Except for the continuation of welfare benefits described in Section 4(g)(iii) of the

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Employment Agreement (the "Post-Termination Welfare Benefits"), your participation in all Company employee benefit plans will end as of the Termination Date, in accordance with the terms of those plans. Your Post-Termination Welfare Benefits will continue for a period of twelve (12) months following the Termination Date, to the extent permissible under the terms of the relevant benefit plans, at no cost to you. In this regard, provided you timely elect COBRA health care continuation coverage, we confirm that you and your eligible dependents can continue to participate in the health, dental and/or vision plans you were participating in as of the Termination Date for up to twelve (12) months following the Termination Date (or such longer period as permitted by applicable law) and to the extent necessary to avoid adverse tax consequence to you under Section 105(h) of the Internal Revenue Code, the Company shall impute to you such payments as taxable income. You will receive information about your COBRA health coverage continuation rights under separate cover from the administrator of the Company's health plan. If you participate in the Company 401(k) plan, please contact Fidelity Investments concerning the options available to you with respect to your 401(k) plan balance. The Company does not make any recommendation regarding the disposition of your 401(k) plan balance and you are advised to consult with your own financial or tax adviser before making a decision about the disposition of your 401(k) plan balance. You will also receive payment for your accrued but unused vacation days (i.e., for 5 weeks) and will be reimbursed all unreimbursed business expenses for which you have provided reasonable documentation in accordance with the Company's policy, with such payments being made within 30 days following your Termination Date, and you shall receive the Company match on any contributions you have made to the Company's Supplemental Executive Retirement Plan as of the Termination Date in accordance with its terms.

The Company agrees to pay directly to your counsel up to \$5,000 for reasonable and documented fees incurred by you in connection with the termination of your employment and the drafting of this letter agreement.

The Company agrees to retain you as a consultant to the Company for a period of six (6) months following the Termination Date, with such consulting services not to exceed 20% of the average level of services you performed for the Company over the immediately preceding 36-month period. For these consulting services, the Company agrees to pay you compensation in the amount of \$225,000 in a single lump sum payment no later than thirty (30) days following the Termination Date. You will provide such consulting services as an independent contractor and not as an employee or officer of the Company, and your retention as a consultant will not entitle you to any benefits as an employee of the Company under any benefit plan maintained by the Company or its Affiliates for its or their respective employees. As an independent contractor, you will be responsible for complying with all applicable laws, rules and regulations concerning taxes, social security contributions, unemployment contributions and similar matters. You hereby acknowledge and agree that as a consultant you will have no right or authority to enter into any agreements or other arrangements in the name or on behalf of the Company, or to assume or create any obligation or liability, express or implied, in the name or on behalf of the Company. The Company agrees to indemnify you for any acts or omissions by you while performing such consulting services to the same extent you would have been indemnified for such acts or omissions if performed while you were an officer of the Company.

As soon as is practicable, but in no event later than five (5) days following the Termination Date, you must return to the Company any and all documents, materials and information (whether in hardcopy, on electronic media or otherwise) related to the business of the Company, and all keys, access cards, credit cards, computer hardware and software, telephones and telephone-related equipment and all other Company property in your possession or control. You must not retain any copy or derivation of any documents, materials or information (whether in hardcopy, on electronic media or otherwise) of the Company.

Nothing contained in this Agreement limits your ability to file a charge or complaint with the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). This Agreement also does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit your right to receive an award for information provided to any Government Agencies.

Finally, you are reminded that your obligations under Section 5 (regarding Confidential Information) and Section 7 (regarding Restrictive Covenants) of the Employment Agreement remain in full force and effect after termination of your employment in accordance with their terms. However, the Company hereby agrees that your provision of services in any capacity, whether as an employee, independent contractor or otherwise, to an entity that derives no more than 20% of its revenue from a business that is competitive with the business of the Company or any of its Affiliates (measured as of the date you commence such services for such entity) shall not constitute a violation of your obligations under the Employment Agreement. For the avoidance of doubt, the preceding sentence does not in any way expand your obligations not to compete under Section 7(a) of the Employment Agreement. With respect to Section 7(b) of the Employment Agreement, we agree that as of the Termination Date, the phrase "or participate in any business which solicits or encourages" shall be deleted from Section 7(b). The Company agrees that Section 7 of the Employment Agreement is the only provision applicable to you with respect to your non-competition and non-solicitation (including no hire) obligations.

The Company agrees that in connection with any rights it has under the Employment Agreement or any equity incentive award agreement you shall not forfeit any severance payments or benefits under Section 4(g)(iii) of the Employment Agreement or the vesting of any outstanding equity awards nor shall it seek repayment of any severance payment or benefits or vested equity awards unless the Company provides you with written notice of the event or omission giving rise to such forfeiture or repayment request and, if curable, you have not cured such event or omission within ten (10) business days after receipt of such notice from the Company setting forth the event or omission giving rise to such forfeiture or repayment request. In addition, the Company agrees that you will not be required to account for or pay to the Company any compensation, profits, money, accruals, increments or other benefits received by you from the provision of services to any other entity following the Termination Date. In addition, in connection with any cooperation required by you under Section 8(b) of the Employment Agreement, the Company agrees to provide you, at its expense, with independent legal representation if such representation is warranted (as determined by the Company in good faith) given the circumstances.

We appreciate your contributions to the Company and wish you luck in your future endeavors. If you have any questions, please contact me.

Sincerely,

/s/ Wayne S. DeVeydt
Wayne DeVeydt
Chief Executive Officer
Surgery Center Holdings, LLC

Accepted and agreed:

/s/ Teresa Sparks
Teresa Sparks

Date: 1/25/18

EXHIBIT A

YOU SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE OF CLAIMS.

Release Agreement

1. For and in consideration of the payments and benefits (the "Severance Benefits") set forth in the letter dated as of January 25, 2018 by and between Teresa Sparks (the "Executive"), on the one hand, and Surgery Partners, Inc. and Symbion, Inc. (together the "Company"), on the other hand (the "Separation Agreement") (each of the Executive and the Company, a "Party" and collectively, the "Parties"), which are conditioned on Executive signing this Release and to which Executive is not otherwise entitled, the sufficiency of which consideration the Executive acknowledges, the Executive, with the intention of binding herself and her heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge the Company and each of its subsidiaries and affiliates (the "Company Affiliated Group"), their respective present and former officers, directors, executives, shareholders, agents, attorneys, employees and employee benefit plans (and the fiduciaries thereof), and the successors, predecessors and assigns of each of the foregoing (collectively, the "Company Released Parties"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected, which the Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, arising on or prior to the date of Executive signing this Release, against any Company Released Party, including without limitation any claim that arises out of, or relates to, (i) the Employment Agreement by and between Executive and the Company, dated as of September 17, 2015 and amended as of December 21, 2017 (the "Employment Agreement"), the Executive's employment or other relationship with the Company or any of its subsidiaries and affiliates, or any termination of such employment or other service relationship, (ii) severance or vacation benefits, unpaid wages, salary or incentive payments, (iii) breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort, (iv) any violation of applicable federal, state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices) and/or (v) employment discrimination under any applicable federal, state or local statute, provision, order or regulation, and including, without limitation, any claim under Title VII of the Civil Rights Act of 1964 ("Title VII"), the Civil Rights Act of 1988, the Fair Labor Standards Act, the Americans with Disabilities Act ("ADA"), the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Age Discrimination in Employment Act ("ADEA"), as amended by the Older Workers Benefit Protection Act, and any similar or analogous state statute, excepting only, to the extent applicable:

- A. rights of the Executive to the Severance Benefits and any other payments, benefits or entitlements under the Separation Agreement and any equity incentive awards;
 - B. the right of the Executive to receive COBRA continuation coverage in accordance with applicable law;
-

- C. claims for benefits under any health, disability, retirement (including the Company's supplemental executive retirement plan), deferred compensation, life insurance or other similar employee benefit plan (within the meaning of Section 3(3) of ERISA) of the Company Affiliated Group; and
- D. rights to indemnification the Executive has or may have under the by-laws or certificate of incorporation of any member of the Company Affiliated Group or as an insured under any director's and officer's liability insurance policy now or previously in force.

In addition, nothing in this Release prevents Executive from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Securities and Exchange Commission, or the Department of Labor, except that Executive hereby waives her right to any monetary damages or other individual relief in any such charge, investigation or proceeding, or any related complaint or lawsuit filed by her or by anyone else on her behalf. Executive understands that nothing contained in this Release of Claims shall be construed to limit, restrict or in any other way affect her communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning non-privileged matters relevant to the governmental agency or entity. For the avoidance of doubt, Executive is not forfeiting her common stock ownership in the Company.

2. The Company confirms that as of the date it signs this Release that the board of directors of the Company and its senior officers are not aware of any claims any member of the Company Affiliated Group has against Executive.

3. The Executive acknowledges and agrees that this Release is not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied. The Company acknowledges and agrees that this Release is not to be construed in any way as an admission of any liability whatsoever by Executive, any such liability being expressly denied.

4. This Release applies to any relief no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages, damages for pain or suffering, costs, and attorneys' fees and expenses, but does not apply to the claims not released by the Executive in Section 1 above.

5. The Executive specifically acknowledges that her acceptance of the terms of this Release is, among other things, a specific waiver of her rights, claims and causes of action under Title VII, ADEA, ADA and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything contained herein purport, to be a waiver of any right or claim or cause of action which by law the Executive is not permitted to waive.

6. The Executive acknowledges that she been given a period of twenty-one (21) days to consider whether to execute this Release and that she may not sign this Release until after the date on which her employment with the Company terminates. If the Executive accepts the terms hereof and executes this Release, she may thereafter, for a period of seven (7) days following

(and not including) the date of execution, revoke this Release. If no such revocation occurs, this Release shall become irrevocable in its entirety, and binding and enforceable against the Executive, on the day next following the day on which the foregoing seven-day period has elapsed. The Executive acknowledges and agrees that she has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Company Released Party with any governmental agency, court or tribunal.

7. The Executive acknowledges that she has been advised to seek, and has had the opportunity to seek, the advice and assistance of an attorney with regard to this Release, and has been given a sufficient period within which to consider this Release.

8. The Executive acknowledges that this Release relates only to claims that exist as of the date of this Release.

9. The Executive acknowledges that the Severance Benefits she is receiving in connection with this Release are in addition to anything of value to which the Executive is entitled from the Company.

10. Each provision hereof is severable from this Release, and if one or more provisions hereof are declared invalid, the remaining provisions shall nevertheless remain in full force and effect. If any provision of this Release is so broad, in scope, or duration or otherwise, as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

11. This Release constitutes the complete agreement of the Parties in respect of the subject matter hereof and shall supersede all prior agreements in effect as of the date of this Release between the Parties in respect of the subject matter hereof except to the extent set forth herein.

12. The failure to enforce at any time any of the provisions of this Release or to require at any time performance by another party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect the validity of this Release, or any part hereof, or the right of any party thereafter to enforce each and every such provision in accordance with the terms of this Release.

13. This Release may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures delivered by facsimile or emailed .pdf shall be deemed effective for all purposes.

14. This Release shall be binding upon any and all successors and assigns of the Executive and the Company.

15. Except for issues or matters as to which federal law is applicable, this Release shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without giving effect to the conflicts of law principles thereof.

[Remainder of page intentionally left blank.]

INTENDING TO BE LEGALLY BOUND, the Executive and the Company have executed this Release as of the date written below.

Accepted and Agreed:

/s/ Teresa Sparks

Teresa Sparks

Date: 1/25/18

Surgery Partners, Inc.

/s/ Wayne S. DeVeydt

Name: Wayne S. DeVeydt

Title: CEO

Date: 1-26-18



Surgery Partners Announces Executive Leadership Transitions

***David Kretschmer appointed Chief Strategy and Transformation Officer;
Executive with more than 35 years of financial and corporate strategy experience***

Mr. Kretschmer to serve as interim Chief Financial Officer, following departure of Teresa Sparks

Company reaffirms 2017 guidance at the upper half of the range for both revenue and Adjusted EBITDA

NASHVILLE, Tenn., Jan. 29, 2018 — Surgery Partners, Inc. (NASDAQ:SGRY) (the “Company”), a leading healthcare services company, today announced that R. David Kretschmer has been appointed Chief Strategy and Transformation Officer. In the near term, Mr. Kretschmer will also serve as interim Chief Financial Officer following the departure of Teresa Sparks, who is stepping down to pursue other opportunities after a combined 20 years of distinguished service to the Company and legacy company Symbion, Inc. Surgery Partners also announced it has retained leading executive search firm Russell Reynolds to support the search for a permanent CFO candidate.

Chief Executive Officer Wayne DeVeydt stated, “2018 will be a transformative year for our company, and we are excited to add David to our leadership team. David brings unique experience, perspective, and motivation to Surgery Partners, along with a strong financial background and a history of generating superior results. His ability to lead and inspire top performing teams makes him the right person for the role, and we’re confident that he will help drive our near-term financial operations as we seek a long-term replacement. This announcement is yet another significant milestone as we continue to build out our executive leadership and strengthen our organization.”

Mr. Kretschmer joins Surgery Partners from Anthem, Inc., where he most recently served as Senior Vice President of Treasury and Corporate Strategy. From 1991 to 2018, Mr. Kretschmer held many responsibilities, including treasury and corporate finance activities, enterprise risk management, corporate strategy and development, cash collections and disbursements, and management of Anthem’s \$24 billion investment portfolio. Prior to his time at Anthem, David held a variety of financial management and corporate finance roles. Mr. Kretschmer will begin his new roles at Surgery Partners on February 12, 2018.

Mr. Kretschmer said, “I am honored to have the opportunity to join one of the largest and fastest-growing companies in the surgical services space. Surgery Partners has one of the most talented teams in the business, supporting their strong relationships with patients, providers, and the communities in which they operate. I look forward to leading the Company’s finance organization in the near-term while also working with the rest of the leadership team to further develop and execute a long-term strategy that drives growth and value across all of our various stakeholders during this important time for the organization.”

Before joining Surgery Partners, Ms. Sparks worked at legacy company Symbion, Inc. from 1996 until 2014. She will help support the transition of the finance and investor relations functions as a consultant for 6 months while the Company identifies a permanent CFO.

“The entire Board thanks Teresa for her dedicated service to Surgery Partners, and we appreciate her many contributions to our financial success during her time with the Company, including her integral role in the acquisition of NSH and integration of Symbion. We are a stronger company today thanks to the leadership and energy Teresa has devoted to driving our vision forward. We wish her the very best in her future endeavors,” DeVeydt said.

Surgery Partners also announced that it has reaffirmed guidance at the upper half of the range for 2017 revenue (of \$1.30 billion to \$1.33 billion) and Adjusted EBITDA (\$178 million to \$185 million), which includes the normalization for the impact of hurricanes and the reserve adjustment described in our updated guidance included in our most recent earnings release furnished with the SEC on Form 8-K on November 9, 2017. The Company plans

to release its fourth quarter 2017 financial results on March 1, 2018. It will host a conference call and live web cast at 8:30 a.m. (Eastern Time) to discuss the results and provide a business update.

About Surgery Partners, Inc.

Headquartered in Brentwood, Tennessee, Surgery Partners is a leading healthcare services company with a differentiated outpatient delivery model focused on providing high quality, cost effective solutions for surgical and related ancillary care in support of both patients and physicians. Founded in 2004, Surgery Partners is one of the largest and fastest growing surgical services businesses in the country, with more than 180 locations in 32 states, including ambulatory surgery centers, surgical hospitals, a diagnostic laboratory, multi-specialty physician practices and urgent care facilities. For additional information, visit www.surgerypartners.com.

Non-GAAP Financial Measures

When we use the term "Adjusted EBITDA," it is referring to income before income taxes minus (a) net income attributable to non-controlling interests plus (b) depreciation and amortization, (c) interest expense, net, (d) non-cash stock compensation expense, (e) contingent acquisition compensation expense, (f) merger transaction, integration and practice acquisition costs, minus (g) gain on litigation settlement, plus (h) loss on disposal or impairment of long-lived assets and (i) loss on debt refinancing. We use Adjusted EBITDA as a measure of financial performance. Adjusted EBITDA is a key measure used by management to assess operating performance, make business decisions and allocate resources. Non-controlling interests represent the interests of third parties, such as physicians, and in some cases, healthcare systems that own an interest in surgical facilities that we consolidate for financial reporting purposes. We believe that it is helpful to investors to present Adjusted EBITDA as defined above because it excludes the portion of net income attributable to these third-party interests and clarifies for investors our portion of Adjusted EBITDA generated by its surgical facilities and other operations.

The Company is unable to present a quantitative reconciliation of Adjusted EBITDA to net income for the periods presented because management cannot reasonably predict with sufficient reliability all of the necessary components of net income for the periods presented. The Company has excluded the items reflected in the definition of Adjusted EBITDA above from its projected Adjusted EBITDA for fiscal 2017 and is likely to exclude these items from Adjusted EBITDA in the future and may also exclude other similar items, the effect of which is uncertain but may be significant in amount. The determination of the amounts that are excluded from non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts.

Adjusted EBITDA is not a measurement of financial performance under GAAP, and should not be considered in isolation or as a substitute for net income, operating income or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating our financial performance. We believe such adjustments are appropriate, as the magnitude and frequency of such items can vary significantly and are not related to the assessment of normal operating performance. Our calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Forward-Looking Statements

This press release contains forward-looking statements, including those regarding growth and our anticipated operating results for 2017 and other similar statements. These statements can be identified by the use of words such as "believes," "anticipates," "expects," "intends," "plans," "continues," "estimates," "predicts," "projects," "forecasts," and similar expressions. All forward looking statements are based on current expectations and beliefs as of the date of this release and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements, including but not limited to, the risks identified and discussed from time to time in the Company's reports filed with the SEC, including the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2017 and

June 30, 2017, filed on November 9, 2017 and August 9, 2017, respectively. Except as required by law, the Company undertakes no obligation to revise or update publicly any forward-looking statements to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events or circumstances. In addition, the financial information for the fiscal year ended December 31, 2017 is unaudited and subject to quarter-end and year-end adjustments in connection with the completion of our customary financial closing procedures. Such changes could be material.

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