

OMEGA HEALTHCARE INVESTORS INC
Form S-4/A
August 10, 2012

As filed with the Securities and Exchange Commission on August 9th, 2012

Registration No. 333- 182531

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

OMEGA HEALTHCARE INVESTORS, INC.
and the Subsidiary Guarantors listed on Schedule A
(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	6798 (Primary Standard Industrial Classification Code Number)	38-3041398 (I.R.S. Employer Identification No.)
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200 International Circle, Suite 3500
Hunt Valley, Maryland 21030
(410) 427-1700
(Address, including zip code, and telephone number, including area
code, of registrant's principal executive offices)

C. Taylor Pickett
Chief Executive Officer
Omega Healthcare Investors, Inc.
200 International Circle, Suite 3500
Hunt Valley, Maryland 21030
(410) 427-1700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of communications to:

Eliot W. Robinson
Terrence A. Childers
Bryan Cave LLP

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One Atlantic Center, Fourteenth Floor
1201 West Peachtree Street, NW
Atlanta, Georgia 30309-3488
(404) 572-6600

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e04(i) (Cross-Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer)

Schedule A

Subsidiary Guarantors

Exact name of registrant as specified in its charter (1)	State or other jurisdiction of formation	Primary Standard Industrial Classification Code No.	I.R.S. Employer Identification No.
1200 Ely Street Holdings Co. LLC	Michigan	6798	26-3524594
2425 Teller Avenue, LLC	Colorado	6798	20-5672217
42235 County Road Holdings Co. LLC	Michigan	6798	83-0500167
48 High Point Road, LLC	Maryland	6798	27-2498824
Arizona Lessor - Infinia, Inc.	Maryland	6798	32-0008074
Baldwin Health Center, Inc.	Pennsylvania	6798	25-1495708
Bayside Alabama Healthcare Second, Inc.	Alabama	6798	38-3517839
Bayside Arizona Healthcare Associates, Inc.	Arizona	6798	38-3518309
Bayside Arizona Healthcare Second, Inc.	Arizona	6798	38-3520329
Bayside Colorado Healthcare Associates, Inc.	Colorado	6798	38-3517837
Bayside Colorado Healthcare Second, Inc.	Colorado	6798	38-3520325
Bayside Indiana Healthcare Associates, Inc.	Indiana	6798	38-3517842
Bayside Street II, Inc.	Delaware	6798	38-3519969
Bayside Street, Inc.	Maryland	6798	38-3160026
Canton Health Care Land, Inc.	Ohio	6798	20-1914579
Carnegie Gardens LLC	Delaware	6798	20-2442381
Center Healthcare Associates, Inc.	Texas	6798	38-3517844
CFG 2115 Wood Stock Place LLC	Delaware	6798	26-1123970
Cherry Street – Skilled Nursing, Inc.	Texas	6798	38-3592148
Colonial Gardens, LLC	Ohio	6798	26-0110549
Colorado Lessor - Conifer, Inc.	Maryland	6798	32-0008069
Copley Health Center, Inc.	Ohio	6798	34-1473010
CSE Albany LLC	Delaware	6798	20-5885886
CSE Amarillo LLC	Delaware	6798	20-5862752
CSE Anchorage LLC	Delaware	6798	26-1866499
CSE Arden L.P.	Delaware	6798	20-5888680
CSE Augusta LLC	Delaware	6798	20-5885921
CSE Bedford LLC	Delaware	6798	20-5886082
CSE Blountville LLC	Delaware	6798	20-8295288
CSE Bolivar LLC	Delaware	6798	20-8295024
CSE Cambridge LLC	Delaware	6798	20-5886976
CSE Cambridge Realty LLC	Delaware	6798	20-5959318
CSE Camden LLC	Delaware	6798	20-8295066
CSE Canton LLC	Delaware	6798	20-5887312
CSE Casablanca Holdings II LLC	Delaware	6798	26-0595183
CSE Casablanca Holdings LLC	Delaware	6798	20-8724466
CSE Cedar Rapids LLC	Delaware	6798	20-5884941
CSE Centennial Village	Delaware	6798	20-6974959
CSE Chelmsford LLC	Delaware	6798	20-5920451
CSE Chesterton LLC	Delaware	6798	20-5885195
CSE Claremont LLC	Delaware	6798	20-5883891

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CSE Corpus North LLC	Delaware	6798	20-5186415
CSE Crane LLC	Delaware	6798	20-8684704
CSE Denver Iliff LLC	Delaware	6798	20-8037772
CSE Denver LLC	Delaware	6798	20-5884311
CSE Douglas LLC	Delaware	6798	20-5883761
CSE Dumas LLC	Delaware	6798	20-5883692
CSE Elkton LLC	Delaware	6798	20-5887006
CSE Elkton Realty LLC	Delaware	6798	20-5959253
CSE Fairhaven LLC	Delaware	6798	20-8281491
CSE Fort Wayne LLC	Delaware	6798	20-5885125
CSE Frankston LLC	Delaware	6798	20-5862947
CSE Georgetown LLC	Delaware	6798	20-5886126
CSE Green Bay LLC	Delaware	6798	20-5888029
CSE Hilliard LLC	Delaware	6798	20-5887347
CSE Huntingdon LLC	Delaware	6798	20-8295191
CSE Huntsville LLC	Delaware	6798	20-5887764
CSE Indianapolis-Continental LLC	Delaware	6798	20-5885046
CSE Indianapolis-Greenbriar LLC	Delaware	6798	20-5885096
CSE Jacinto City LLC	Delaware	6798	20-5186519

Exact name of registrant as specified in its charter (1)	State or other jurisdiction of formation	Primary Standard Industrial Classification Code No.	I.R.S. Employer Identification No.
CSE Jefferson City LLC	Delaware	6798	20-8295101
CSE Jeffersonville-Hillcrest Center LLC	Delaware	6798	20-5885261
CSE Jeffersonville-Jennings House LLC	Delaware	6798	20-5885346
CSE Kerrville LLC	Delaware	6798	20-8684872
CSE King L.P.	Delaware	6798	20-5888725
CSE Kingsport LLC	Delaware	6798	20-5887736
CSE Knightdale L.P.	Delaware	6798	20-5888653
CSE Lake City LLC	Delaware	6798	20-5863259
CSE Lake Worth LLC	Delaware	6798	20-5863173
CSE Lakewood LLC	Delaware	6798	20-5884352
CSE Las Vegas LLC	Delaware	6798	20-5887216
CSE Lawrenceburg LLC	Delaware	6798	20-5887802
CSE Lenoir L.P.	Delaware	6798	20-5888528
CSE Lexington Park LLC	Delaware	6798	20-5886951
CSE Lexington Park Realty LLC	Delaware	6798	20-5959280
CSE Ligonier LLC	Delaware	6798	20-5885484
CSE Live Oak LLC	Delaware	6798	20-5863086
CSE Logansport LLC	Delaware	6798	20-5885583
CSE Lowell LLC	Delaware	6798	20-5885381
CSE Marianna Holdings LLC	Delaware	6798	20-1411422
CSE Memphis LLC	Delaware	6798	20-8295130
CSE Mobile LLC	Delaware	6798	20-5883572
CSE Moore LLC	Delaware	6798	20-5887574
CSE North Carolina Holdings I LLC	Delaware	6798	20-5888397
CSE North Carolina Holdings II LLC	Delaware	6798	20-5888430
CSE Omro LLC	Delaware	6798	20-5887998
CSE Orange Park LLC	Delaware	6798	20-5863371
CSE Orlando-Pinar Terrace Manor LLC	Delaware	6798	20-5863043
CSE Orlando-Terra Vista Rehab LLC	Delaware	6798	20-5863223
CSE Pennsylvania Holdings	Delaware	6798	20-6974946
CSE Piggott LLC	Delaware	6798	20-5883659
CSE Pilot Point LLC	Delaware	6798	20-5862827
CSE Ponca City LLC	Delaware	6798	20-5887495
CSE Port St. Lucie LLC	Delaware	6798	20-5863294
CSE Richmond LLC	Delaware	6798	20-5885427
CSE Ripley LLC	Delaware	6798	20-8295238
CSE Ripon LLC	Delaware	6798	26-0480886
CSE Safford LLC	Delaware	6798	20-5883807
CSE Salina LLC	Delaware	6798	20-5885669
CSE Seminole LLC	Delaware	6798	20-5887615
CSE Shawnee LLC	Delaware	6798	20-5887524
CSE Spring Branch LLC	Delaware	6798	20-5186484
CSE Stillwater LLC	Delaware	6798	20-5887548
CSE Taylorsville LLC	Delaware	6798	20-5886196
CSE Texarkana LLC	Delaware	6798	20-5862880

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CSE Texas City LLC	Delaware	6798	20-5862791
CSE The Village LLC	Delaware	6798	20-5186550
CSE Upland LLC	Delaware	6798	20-5891148
CSE Walnut Cove L.P.	Delaware	6798	20-5888502
CSE West Point LLC	Delaware	6798	20-5887119
CSE Whitehouse LLC	Delaware	6798	20-8294979
CSE Williamsport LLC	Delaware	6798	26-0480953
CSE Winter Haven LLC	Delaware	6798	20-5863327
CSE Woodfin L.P.	Delaware	6798	20-5888619
CSE Yorktown LLC	Delaware	6798	20-5885163
Dallas – Skilled Nursing, Inc.	Texas	6798	38-3592151
Delta Investors I, LLC	Maryland	6798	54-2112455
Delta Investors II, LLC	Maryland	6798	54-2112456
Desert Lane LLC	Delaware	6798	20-3098022

Exact name of registrant as specified in its charter (1)	State or other jurisdiction of formation	Primary Standard Industrial Classification Code No.	I.R.S. Employer Identification No.
Dixon Health Care Center, Inc.	Ohio	6798	34-1509772
Florida Lessor – Crystal Springs, Inc.	Maryland	6798	75-3116533
Florida Lessor – Emerald, Inc.	Maryland	6798	22-3872569
Florida Lessor – Lakeland, Inc.	Maryland	6798	22-3872564
Florida Lessor – Meadowview, Inc.	Maryland	6798	56-2398721
Florida Real Estate Company, LLC	Florida	6798	20-1458431
Georgia Lessor - Bonterra/Parkview, Inc.	Maryland	6798	16-1650494
Greenbough, LLC	Delaware	6798	27-0258266
Hanover House, Inc.	Ohio	6798	34-1125264
Heritage Texarkana Healthcare Associates, Inc.	Texas	6798	38-3517861
House of Hanover, Ltd	Ohio	6798	34-6691713
Hutton I Land, Inc.	Ohio	6798	20-1914403
Hutton II Land, Inc.	Ohio	6798	20-1914470
Hutton III Land, Inc.	Ohio	6798	20-1914529
Indiana Lessor – Jeffersonville, Inc.	Maryland	6798	22-3872575
Indiana Lessor – Wellington Manor, Inc.	Maryland	6798	32-0008064
Jefferson Clark, Inc.	Maryland	6798	38-3433390
LAD I Real Estate Company, LLC	Delaware	6798	20-1454154
Lake Park – Skilled Nursing, Inc.	Texas	6798	38-3592152
Leatherman 90-1, Inc.	Ohio	6798	20-1914625
Leatherman Partnership 89-1, Inc.	Ohio	6798	34-1656489
Leatherman Partnership 89-2, Inc.	Ohio	6798	34-1656491
Long Term Care – Michigan, Inc.	Michigan	6798	04-3833330
Long Term Care – North Carolina, Inc.	North Carolina	6798	04-3833335
Long Term Care Associates – Illinois, Inc.	Illinois	6798	38-3592159
Long Term Care Associates – Indiana, Inc.	Indiana	6798	38-3592160
Long Term Care Associates – Texas, Inc.	Texas	6798	38-3592142
Meridian Arms Land, Inc.	Ohio	6798	20-1914864
North Las Vegas LLC	Delaware	6798	20-3098036
NRS Ventures, L.L.C.	Delaware	6798	38-4236118
OHI (Connecticut), Inc.	Connecticut	6798	06-1552120
OHI (Florida), Inc.	Florida	6798	65-0523484
OHI (Illinois), Inc.	Illinois	6798	37-1332375
OHI (Indiana), Inc.	Indiana	6798	38-3568359
OHI (Iowa), Inc.	Iowa	6798	38-3377918
OHI (Kansas), Inc.	Kansas	6798	48-1156047
OHI Asset (CA), LLC	Delaware	6798	04-3759925
OHI Asset (CO), LLC	Delaware	6798	84-1706510
OHI Asset (CT) Lender, LLC	Delaware	6798	75-3205111
OHI Asset (FL), LLC	Delaware	6798	13-4225158
OHI Asset (FL) Lender, LLC	Delaware	6798	27-4450390
OHI Asset (ID), LLC	Delaware	6798	04-3759931
OHI Asset (IL), LLC	Delaware	6798	14-1951802
OHI Asset (IN), LLC	Delaware	6798	04-3759933
OHI Asset (IN) Greensburg, LLC	Delaware	6798	38-3879137

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OHI Asset (IN) Indianapolis, LLC	Delaware	6798	36-4736441
OHI Asset (IN) Wabash, LLC	Delaware	6798	38-3879151
OHI Asset (IN) Westfield, LLC	Delaware	6798	32-0381277
OHI Asset (LA), LLC	Delaware	6798	04-3759935
OHI Asset (MD), LLC	Delaware	6798	45-2611748
OHI Asset (MI), LLC	Delaware	6798	27-3378345
OHI Asset (MI/NC), LLC	Delaware	6798	04-3759928
OHI Asset (MO), LLC	Delaware	6798	04-3759939
OHI Asset (OH) Lender, LLC	Delaware	6798	51-0529744
OHI Asset (OH) New Philadelphia, LLC	Delaware	6798	51-0529741
OHI Asset (OH), LLC	Delaware	6798	04-3759938
OHI Asset (PA) Trust	Maryland	6798	54-6643405
OHI Asset (PA), LLC	Delaware	6798	90-0137715
OHI Asset (SMS) Lender, Inc.	Maryland	6798	33-1067711
OHI Asset (TX), LLC	Delaware	6798	04-3759927
OHI Asset CSB LLC	Delaware	6798	27-2820083
OHI Asset CSE – E, LLC	Delaware	6798	27-1675861
OHI Asset CSE – U, LLC	Delaware	6798	27-1675768

Exact name of registrant as specified in its charter (1)	State or other jurisdiction of formation	Primary Standard Industrial Classification Code No.	I.R.S. Employer Identification No.
OHI Asset Essex (OH), LLC	Delaware	6798	83-0379722
OHI Asset HUD CFG, LLC	Delaware	6798	45-3662151
OHI Asset HUD SF, LLC	Delaware	6798	80-0830116
OHI Asset HUD WO, LLC	Delaware	6798	45-2379675
OHI Asset II (CA), LLC	Delaware	6798	20-1000879
OHI Asset II (FL), LLC	Delaware	6798	27-1813906
OHI Asset II (PA) Trust	Maryland	6798	84-6390330
OHI Asset III (PA) Trust	Maryland	6798	84-6390331
OHI Asset IV (PA) Silver Lake Trust	Maryland	6798	80-6146794
OHI Asset, LLC	Delaware	6798	32-0079270
OHI of Texas, Inc.	Maryland	6798	38-3506136
OHI Sunshine, Inc.	Florida	6798	82-0558471
OHI Tennessee, Inc.	Maryland	6798	38-3509157
OHIMA, Inc.	Massachusetts	6798	06-1552118
Omega (Kansas), Inc.	Kansas	6798	32-0142534
Omega TRS I, Inc.	Maryland	6798	38-3587540
Orange Village Care Center, Inc.	Ohio	6798	34-1321728
OS Leasing Company	Kentucky	6798	38-3221641
Panama City Nursing Center LLC	Delaware	6798	20-2568041
Parkview – Skilled Nursing, Inc.	Texas	6798	38-3592157
Pavillion North Partners, Inc.	Pennsylvania	6798	20-2597892
Pavillion North, LLP	Pennsylvania	6798	75-3202956
Pavillion Nursing Center North, Inc.	Pennsylvania	6798	25-1222652
Pine Texarkana Healthcare Associates, Inc.	Texas	6798	38-3517864
Reunion Texarkana Healthcare Associates, Inc.	Texas	6798	38-3517865
San Augustine Healthcare Associates, Inc.	Texas	6798	38-3517866
Skilled Nursing – Gaston, Inc.	Indiana	6798	38-3592171
Skilled Nursing – Herrin, Inc.	Illinois	6798	38-3592162
Skilled Nursing – Hicksville, Inc.	Ohio	6798	38-3592172
Skilled Nursing – Paris, Inc.	Illinois	6798	38-3592165
Skyler Maitland LLC	Delaware	6798	20-3888672
South Athens Healthcare Associates, Inc.	Texas	6798	38-3517880
St. Mary’s Properties, Inc.	Ohio	6798	20-1914905
Sterling Acquisition Corp.	Kentucky	6798	38-3207992
Sterling Acquisition Corp. II	Kentucky	6798	38-3207991
Suwanee, LLC	Delaware	6798	20-5223977
Texas Lessor – Stonegate GP, Inc.	Maryland	6798	32-0008071
Texas Lessor – Stonegate, Limited, Inc.	Maryland	6798	32-0008072
Texas Lessor – Stonegate, LP	Maryland	6798	32-0008073
Texas Lessor – Treemont, Inc.	Maryland	6798	16-1650495
The Suburban Pavilion, Inc.	Ohio	6798	34-1035431
Washington Lessor – Silverdale, Inc.	Maryland	6798	56-2386887
Waxahachie Healthcare Associates, Inc.	Texas	6798	38-3517884
West Athens Healthcare Associates, Inc.	Texas	6798	38-3517886
Wilcare, LLC	Ohio	6798	26-0110550

(1) Address, including zip code, and telephone number, including area code, of the principal executive offices of each subsidiary guarantor listed in Schedule A is c/o Omega Healthcare Investors, Inc., 200 International Circle, Suite 3500, Hunt Valley, Maryland, 21030 and the telephone number is (410) 427-1700.

The information in this prospectus is not complete and may be changed. We may not exchange these securities until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to exchange these securities and is not soliciting an offer to exchange these securities in any state where the offer or sale is not permitted.

Subject to completion, dated August 9, 2012

Omega Healthcare Investors, Inc.
Exchange Offer

\$400,000,000 5 7/8% Senior Notes due 2024
for \$400,000,000 5 7/8% Senior Notes due 2024
that have been registered under the Securities Act of 1933

We are offering, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, to exchange an aggregate principal amount of up to \$400,000,000 of our new 5 7/8% Senior Notes due 2024, which we refer to as the exchange notes, for all of our outstanding unregistered 5 7/8% Senior Notes due 2024, which we refer to as the initial notes, in a transaction registered under the Securities Act of 1933, as amended, or the Securities Act. We collectively refer to the initial notes and the exchange notes as the notes. We refer to the offer described in this prospectus to exchange the initial notes for the exchange notes as the exchange offer.

The notes are unsecured senior obligations and rank equally in right of payment with all of our existing and future senior debt and senior in right of payment to all of our existing and future subordinated debt. The notes are effectively subordinated in right of payment to our future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes are structurally subordinated to all existing and future liabilities (including indebtedness, trade payables and lease obligations) of each of our non-guarantor subsidiaries.

The notes are unconditionally guaranteed by our existing and future subsidiaries that guarantee our other existing senior notes, revolving credit facility or any other indebtedness of ours or of such subsidiaries. We refer to our subsidiaries that guarantee the notes as the subsidiary guarantors. The guarantees of the notes are unsecured senior obligations of the subsidiary guarantors and rank equally in right of payment with existing and future unsecured senior debt of the subsidiary guarantors and senior in right of payment to existing and future subordinated debt of the subsidiary guarantors. The guarantees are effectively subordinated in right of payment to existing and future secured debt of the subsidiary guarantors to the extent of the value of the assets securing such indebtedness, and structurally subordinated to existing and future debt of our non-guarantor subsidiaries.

We will exchange all initial notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer. You may withdraw tenders of initial notes at any time prior to the expiration of the exchange offer. The form and terms of the exchange notes are identical in all material respects to the form and terms of the initial notes. We believe that the exchange of initial notes for exchange notes will not be a taxable event for U.S. federal income tax purposes.

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2012, unless we extend the offer. We will announce any extension by press release or other permitted means no later than 9:00 a.m. on the business day after the expiration of the exchange offer. If you fail to tender your initial notes, you will continue to

hold unregistered securities, and your ability to transfer your initial notes could be adversely affected.

Any broker-dealer that acquires exchange notes for its own account in exchange for initial notes must represent that the initial notes to be exchanged for the exchange notes were acquired by it as a result of market-making activities or other trading activities and acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any offer to resell, resale or other retransfer of the exchange notes. During the period ending 90 days after the consummation of the exchange offer, subject to extension in limited circumstances, a participating broker-dealer may use this prospectus for an offer to sell, a resale or other retransfer of exchange notes received in exchange for initial notes that it acquired through market-making activities or other trading activities. See “The Exchange Offer—Resales of Exchange Notes.”

No public market currently exists for the exchange notes. We do not intend to apply for listing of the exchange notes on the New York Stock Exchange or any other securities exchange.

For a discussion of factors you should consider in determining whether to tender your initial notes, see “Risk Factors” beginning on page 10 of this prospectus.

We are not asking you for a proxy, and you are requested not to send us a proxy.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities, or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2012.

We have not authorized anyone to give any information or to make any representations concerning this exchange offer except the information and representations that are in this prospectus, or as is referred to under "Where You Can Find More Information." If anyone gives or makes any other information or representation, you should not rely on it. This prospectus is not an offer to sell or a solicitation of an offer to buy securities in any circumstances in which the offer or solicitation is unlawful. You should not interpret the delivery of this prospectus, or any sale of securities, as an indication that there has been no change in our affairs since the date of this prospectus. You should also be aware that information in this prospectus may change after this date.

This prospectus incorporates by reference business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge upon written or oral request directed to:

Omega Healthcare Investors, Inc.
200 International Circle
Suite 3500
Hunt Valley, MD 21030
Attn: Chief Financial Officer
(410) 427-1700

If you would like to request copies of these documents, please do so by _____, 2012 (which is five business days before the scheduled expiration of the exchange offer) for delivery prior to the expiration of the exchange offer.

OMEGA HEALTHCARE INVESTORS, INC.

EXCHANGE OFFER

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CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts included in this prospectus and the documents incorporated by reference in this prospectus may constitute forward-looking statements. These statements relate to our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements other than statements of historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology including, but not limited to, terms such as “may,” “will,” “anticipates,” “expects,” “believes,” “intends,” “should” or comparable terms or the negative thereof, variations thereon or similar terminology. These statements are based on information available on the date of this filing and only speak as to the date hereof, and no obligation to update such forward-looking statements should be assumed. Our actual results may differ materially from those reflected in the forward-looking statements included or incorporated in this prospectus. These forward-looking statements involve risks and uncertainties that may cause our actual future activities and results of operations to be materially different from those suggested or described in this prospectus. There are a number of factors that could cause our actual results to differ materially from those projected in such forward-looking statements. These factors include, without limitation:

those items discussed under “Risk Factors” herein and under “Risk Factors” in Item 1A to our annual report on Form 10-K, as supplemented from time-to-time in Part II, Item 1A to our quarterly reports on Form 10-Q;

uncertainties relating to the business operations of the operators of our assets, including those relating to reimbursement by third-party payors, regulatory matters and occupancy levels;

the ability of any operators in bankruptcy to reject unexpired lease obligations, modify the terms of our mortgages and impede our ability to collect unpaid rent or interest during the process of a bankruptcy proceeding and retain security deposits for the debtors’ obligations;

our ability to sell closed or foreclosed assets on a timely basis and on terms that allow us to realize the carrying value of these assets;

our ability to negotiate appropriate modifications to the terms of our credit facilities;

our ability to manage, re-lease or sell any owned and operated facilities;

the availability and cost of capital to us;

changes in our credit ratings and the ratings of our debt securities;

competition in the financing of healthcare facilities;

regulatory and other changes in the healthcare sector;

changes in the financial position of our operators;

the effect of economic and market conditions generally and, particularly, in the healthcare industry;

changes in interest rates;

the amount and yield of any additional investments;

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changes in tax laws and regulations affecting real estate investment trusts, or REITs; and

our ability to maintain our status as a REIT.

Any subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth or referred to above, as well as the risk factors incorporated by reference in this prospectus. Except as required by law, we disclaim any obligation to update such statements or to publicly announce the result of any revisions to any of the forward-looking statements included or incorporated by reference in this prospectus to reflect future events or developments.

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PROSPECTUS SUMMARY

The following summary highlights certain information contained in this prospectus. Because it is only a summary, it does not contain all of the information you should consider before participating in the exchange offer. You should carefully read this entire prospectus before participating in the exchange offer. In particular, you should read “Risk Factors,” and our financial statements and the notes relating thereto presented herein and incorporated by reference into this prospectus. All references to “Omega,” “Company,” “we,” “our,” “us,” and similar terms in this prospectus refer to Omega Healthcare Investors, Inc. together with its subsidiaries through which it operates. Unless otherwise indicated, the non-financial information presented herein is as of the date of this prospectus.

Company Overview

We are a self-administered REIT investing in income-producing healthcare facilities, principally long-term care facilities, located in the United States. We provide lease or mortgage financing to qualified operators of skilled nursing facilities, which we refer to as SNFs, and, to a lesser extent, assisted living facilities, independent living facilities and rehabilitation and acute care facilities.

As of June 30, 2012, our portfolio of investments consisted of 437 healthcare facilities located in 34 states and operated by 47 third-party operators. We use the term “operator” to refer to our tenants and mortgagees and their affiliates who manage and/or operate our properties. As of March 31, 2012, our portfolio of investments consisted of:

386 SNFs, 10 assisted living facilities and five specialty facilities;

fixed rate mortgages on 32 SNFs; and

4 SNFs that are held-for-sale.

As of June 30, 2012, our gross investments in these facilities, net of impairments and before reserve for uncollectible loans, totaled approximately \$2.8 billion. In addition, we held miscellaneous investments of approximately \$ 46.5 million at June 30, 2012, consisting primarily of secured loans to third-party operators of our facilities.

Corporate Information

We were incorporated in the State of Maryland on March 31, 1992. Our principal executive offices are located at 200 International Circle, Suite 3500, Hunt Valley, Maryland 21030, and our telephone number is (410) 427-1700. Additional information regarding our company is set forth in documents on file with the SEC and incorporated by reference in this prospectus. See “Incorporation of Documents by Reference” and “Where You Can Find More Information.”

Our filings with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are accessible free of charge on our website at www.omegahealthcare.com. Information on our website does not constitute part of this prospectus.

The Exchange Offer

On March 19, 2012, we issued an aggregate principal amount of \$400,000,000 of 5 7/8% Senior Notes due 2024 to a group of initial purchasers in reliance on exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable securities laws. In connection with each sale of the initial notes to the initial purchasers, we entered into a registration rights agreement pursuant to which we agreed, among other things, to deliver this prospectus to you, to commence this exchange offer and to use our commercially reasonable efforts to complete the exchange offer not later than 360 days after the issue date of the initial notes. The summary below describes the principal terms and conditions of the exchange offer. Some of the terms and conditions described below are subject to important limitations and exceptions. See “The Exchange Offer” for a more detailed description of the terms and conditions of the exchange offer and “Description of Notes” for a more detailed description of the terms of the exchange notes.

The Exchange Offer

We are offering to exchange up to \$400,000,000 aggregate principal amount of our new 5 7/8% Senior Notes due 2024, which have been registered under the Securities Act, in exchange for your initial notes. For each initial note surrendered to us pursuant to the exchange offer, the holder of such initial note will receive an exchange note having a principal amount equal to that of the surrendered initial note. Exchange notes will only be issued in denominations of \$2,000 and integral multiples of \$1,000. The form and terms of the exchange notes will be substantially the same as the form and terms of the surrendered initial notes. The exchange notes will evidence the same indebtedness as and will replace the initial notes tendered in exchange therefor, and will be issued pursuant to, and entitled to the benefits of, the indenture governing the initial notes. As of the date of this prospectus, initial notes representing \$400,000,000 aggregate principal amount are outstanding. See “The Exchange Offer.”

Resale

Based on interpretations by the staff of the SEC as detailed in a series of no-action letters issued to third parties, we believe that, as long as you are not a broker-dealer, the exchange notes offered in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:

you are acquiring the exchange notes in the ordinary course of your business;

you are not participating in, do not intend to participate in and have no arrangement or understanding with any person to participate in a “distribution” of the exchange notes; and

you are not an “affiliate” of ours within the meaning of Rule 405 of the Securities Act.

If any of these conditions is not satisfied and you transfer any exchange notes issued to you in the exchange offer without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. Moreover, our belief that transfers of exchange notes would be permitted without registration or prospectus delivery under the conditions described above is based on SEC interpretations given to other, unrelated issuers in similar exchange offers. We cannot assure you that the SEC would make a similar interpretation with respect to our exchange offer. We will not be responsible for or indemnify you against any liability

you may incur under the Securities Act.

Any broker-dealer that acquires exchange notes for its own account in exchange for initial notes must represent that the initial notes to be exchanged for the exchange notes were acquired by it as a result of market-making activities or other trading activities and acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any offer to resell, resale or other retransfer of the exchange notes. However, by so acknowledging and by delivering a prospectus, such participating broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. During the period ending 90 days after the consummation of the exchange offer, subject to extension in limited circumstances, a participating broker-dealer may use this prospectus for an offer to sell, a resale or other retransfer of exchange notes received in exchange for initial notes that it acquired through market-making activities or other trading activities. See “The Exchange Offer—Resales of Exchange Notes.”

Registration Rights Agreement	We sold the initial notes in an offering in reliance on Section 4(2) of the Securities Act. The initial notes issued in the closing were immediately resold by the initial purchasers in reliance on Rule 144A under the Securities Act. In connection with the closing, we entered into a registration rights agreement with the initial purchasers of the initial notes requiring us to make this exchange offer. See “The Exchange Offer—Purpose and Effect; Registration Rights.”
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2012, unless we extend the expiration date. See “The Exchange Offer—Expiration Date; Extension; Amendments.”
Withdrawal	You may withdraw your tender of initial notes at any time before the exchange offer expires. Any initial notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer. See “The Exchange Offer—Withdrawal Rights.”
Interest	We will pay interest on the notes twice a year, on each March 15 and September 15, beginning on September 15, 2012. The exchange notes will bear interest from March 19, 2012, the issue date of the initial notes. If your initial notes are accepted for exchange, then you will receive interest on the exchange notes and not on the initial notes. Any initial notes not tendered will remain outstanding and continue to accrue interest according to their terms.
Procedures for Tender	Each holder of initial notes that wishes to tender its initial notes must either: complete, sign and date the accompanying letter of transmittal or a facsimile copy of the letter of transmittal, have the signatures on the letter of transmittal guaranteed, if required, and deliver the letter of transmittal, together with any other required documents (including the initial notes), to the exchange agent; or if initial notes are tendered pursuant to book-entry procedures, the tendering holder must deliver a completed and duly executed letter of transmittal or arrange with The Depository Trust Company, or DTC, to cause an agent’s message to be transmitted with the required information (including a book-entry confirmation) to the exchange agent; or

comply with the procedures described under “The Exchange Offer—Procedures for Tendering Initial Notes—Guaranteed Delivery.”

Each holder of initial notes that tenders initial notes in the exchange offer must represent that the following are true:

the holder is acquiring the exchange notes in the ordinary course of its business;

the holder is not participating in, does not intend to participate in, and has no arrangement or understanding with any person to participate in a “distribution” of the exchange notes within the meaning of the Securities Act; and

the holder is not an “affiliate” of us within the meaning of Rule 405 of the Securities Act.

Do not send letters of transmittal, certificates representing initial notes or other documents to us or DTC. Send these documents only to the exchange agent at the appropriate address described in this prospectus and in the letter of transmittal. We may reject your tender of initial notes if you tender them in a manner that does not comply with the instructions provided in this prospectus and the letter of transmittal. See “Risk Factors—There are significant consequences if you fail to exchange your initial notes” and “The Exchange Offer—Procedures for Tendering Initial Notes.”

Special Procedures for
Beneficial
Owners

If:

you beneficially own initial notes;

those notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee; and

you wish to tender your initial notes in the exchange offer;

please contact the registered holder as soon as possible and instruct such holder to tender on your behalf and comply with the instructions set forth in this prospectus and the letter of transmittal.

Procedures for Guaranteed
Delivery

If you hold initial notes in certificated form or if you own initial notes in the form of a book-entry interest in a global note deposited with the trustee, as custodian for DTC, and you wish to tender those initial notes but:

your initial notes are not immediately available;

time will not permit you to deliver the required documents to the exchange agent by the expiration date; or

you cannot complete the procedure for book-entry transfer on time;

you may tender your initial notes pursuant to the procedures described in “The Exchange Offer—Procedures for Tendering Initial Notes—Guaranteed Delivery.”

Exchange Agent	U.S. Bank National Association is serving as exchange agent in connection with this exchange offer. The address, telephone number and facsimile number of the exchange agent is set forth under “The Exchange Offer—Exchange Agent.”
U.S. Federal Income Tax Considerations	Generally, a holder of initial notes will not recognize taxable gain or loss on the exchange of initial notes for exchange notes pursuant to the exchange offer. See “Certain United States Federal Income Tax Considerations.”
Accounting Treatment	The exchange notes will be recorded at the same carrying value as the initial notes, as reflected in our accounting records on the date of exchange. Accordingly, we will recognize no gain or loss for accounting purposes upon the closing of the exchange offer. The expenses of the exchange offer will be expensed as incurred. See “The Exchange Offer—Accounting Treatment.”
Use of Proceeds	We will not receive any proceeds from the exchange offer or the issuance of the exchange notes. See “Use of Proceeds.”
Effect on Holders of Initial Notes	<p>As a result of making this exchange offer, and upon acceptance for exchange of all validly tendered initial notes, we will have fulfilled our obligations under the registration rights agreement relating to the initial notes.</p> <p>If you do not tender your initial notes or we reject your tender, your initial notes will remain outstanding and will be entitled to the benefits of the indenture governing the initial notes. Under such circumstances, you would not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances. For a more detailed description of our obligation to file a shelf registration statement with respect to the initial notes, see “The Exchange Offer—Purpose and Effect; Registration Rights” and “The Exchange Offer—Consequences of Failure to Exchange Initial Notes.” Existing transfer restrictions would continue to apply to the initial notes if not exchanged in this exchange offer.</p> <p>Any trading market for the initial notes could be adversely affected if some but not all of the initial notes are tendered and accepted in the exchange offer.</p>

Description of Exchange Notes

The form and terms of the exchange notes will be identical in all material respects to the form and terms of the initial notes, except that the exchange notes:

will have been registered under the Securities Act;

will not bear restrictive legends restricting their transfer under the Securities Act;

will not be entitled to the registration rights that apply to the initial notes; and

will not contain provisions relating to an increase in the interest rate borne by the initial notes under circumstances related to the timing of the exchange offer.

The exchange notes represent the same debt as the initial notes and are governed by the same indenture, which is governed by New York law. A brief description of the material terms of the exchange notes follows. You should read “Description of Notes” for further information regarding the exchange notes.

Issuer	Omega Healthcare Investors, Inc.
Securities Offered	\$400,000,000 aggregate principal amount of 5 7/8% Senior Notes due 2024
Maturity	March 15, 2024
Interest Rate	5 7/8% per year (calculated using a 360-day year)
Interest Payment Dates	March 15 and September 15. Interest accrues from the issue date of the initial notes.
Ranking	<p>The notes are our unsecured senior obligations and rank equally in right of payment with all of our existing and future unsecured senior debt and senior in right of payment to all of our existing and future subordinated debt. The notes are effectively subordinated in right of payment to our future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes are structurally subordinated to all existing and future liabilities (including indebtedness, trade payables and lease obligations) of our non-guarantor subsidiaries.</p> <p>As of June 30 , 2012, we had approximately \$1.5 billion of indebtedness outstanding, including the initial notes, and approximately \$ 2 million of borrowings and no letters of credit outstanding under our \$475 million revolving credit facility. As of June 30 , 2012, our non-guarantor subsidiaries had approximately \$ 266 million aggregate principal amount of borrowings outstanding under our HUD-guaranteed mortgage loans, and another \$20 million of aggregate principal amount of unsecured indebtedness.</p>
Guarantees	The notes are fully and unconditionally guaranteed, jointly and severally, by each of our subsidiaries that guarantees our other existing notes, our revolving credit facility or any other indebtedness of ours or of the subsidiary guarantors.
Optional Redemption	We may redeem the notes, in whole or in part, at any time on or after March 15, 2017, at the redemption prices set forth under “Description of Notes—Optional Redemption.”

Optional Redemption
After Public Equity
Offerings

We may redeem up to 35% of the notes with the proceeds of certain equity offerings at any time (which may be more than once) on or prior to March 15, 2015, as long as at least 65% of the aggregate principal amount of notes issued remains outstanding afterwards. See “Description of Notes—Optional Redemption.”

Change of Control Offer	<p>If we experience certain kinds of changes of control, we must offer to purchase the notes at 101% of their principal amount, plus accrued and unpaid interest. See “Description of Notes—Repurchase of Notes upon a Change of Control.”</p> <p>We might not be able to pay the required price for notes you present to us at the time of a change of control, because:</p> <ul style="list-style-type: none">we might not have enough funds at that time; orthe terms of our revolving credit facility, indentures governing our other existing notes or other indebtedness agreements may prevent us from paying. <p>See “Risk Factors—Risks Related to the Notes—We may not be able to repurchase notes upon a change of control, which would be an event of default under the indenture.”</p>
Asset Sale Proceeds	<p>If we or our restricted subsidiaries engage in asset sales and the net cash proceeds we receive from such asset sales exceeds specified amounts, we generally must either invest the net cash proceeds from such sales in our business within a specified period of time, prepay senior debt or make an offer to purchase a principal amount of the notes and any pari passu indebtedness equal to the excess net cash proceeds. In such a scenario, the purchase price of the notes will be 100% of their principal amount, plus accrued and unpaid interest. See “Description of Notes—Covenants—Limitation on Asset Sales.”</p>
Certain Indenture Provisions	<p>The indenture governing the notes contains covenants that limit, among other things, our (and all of our restricted subsidiaries’) ability to:</p> <ul style="list-style-type: none">pay dividends or make certain other restricted payments or investments;incur additional indebtedness;create liens on assets;merge, consolidate, or sell all or substantially all of our and our restricted subsidiaries’ assets;enter into certain transactions with affiliates;create restrictions on dividends or other payments by our restricted subsidiaries;andcreate guarantees of indebtedness by restricted subsidiaries. <p>These covenants are subject to a number of important limitations and exceptions. See “Description of Notes—Covenants.” As of the date of this prospectus, the Company has the option to institute a Suspension Period, during which many of the covenants in the indenture that governs the notes will not be applicable. See “Risk Factors - Risks related to the Notes - We have the right to suspend many of the covenants under the indenture governing the notes during any period in which the notes are rated investment grade by either Moody’s or Standard & Poor’s.” Even when the notes are subject to these covenants,</p>

they are subject to a number of important qualification and limitations. See “Description of the Notes - Suspension of Covenants: Covenants.” The Company has not yet elected to exercise its option to suspend such covenants.

No Public Market	We do not intend to apply for a listing of the exchange notes on the New York Stock Exchange or any other securities exchange. Accordingly, we cannot assure you that a liquid market for the exchange notes will develop or be maintained.
Required Approvals; Appraisal Rights	Other than the registration of the exchange notes under the Securities Act, and compliance with federal securities laws, we are not aware of any state or federal regulatory requirements that we must comply with in connection with the exchange offer. In connection with the exchange offer, you do not have any appraisal or dissenters' rights under applicable law or the indenture.

Risk Factors

Before making an investment decision, you should carefully consider all of the information set forth in this prospectus and, in particular, under "Risk Factors."

Summary Financial Data

The following summary consolidated financial data should be read in connection with the consolidated financial statements incorporated by reference in this prospectus, as well as our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, each of which are incorporated by reference in this prospectus.

	Year Ended December 31,					Six Months Ended	
	2007	2008	2009	2010	2011	June 30 , 2011	2012
(in thousands)							
Operating Data:							
Revenues from core operations	\$ 159,558	\$ 169,592	\$ 179,008	\$ 250,985	\$ 292,204	\$ 143,082	\$ 168,340
Revenues from nursing home operations (1)	\$ —	\$ 24,170	\$ 18,430	\$ 7,336	\$ —	\$ —	\$ —
Total revenues	\$ 159,558	\$ 193,762	\$ 197,438	\$ 258,321	\$ 292,204	\$ 143,082	\$ 168,340
Interest expense (2)	\$ 44,092	\$ 39,746	\$ 39,075	\$ 90,602	\$ 86,899	\$ 41,485	\$ 53,683
Income from continuing operations	\$ 67,598	\$ 77,691	\$ 82,111	\$ 58,436	\$ 52,606	\$ 11,877	\$ 56,656
Net income available to common stockholders	\$ 59,451	\$ 70,551	\$ 73,025	\$ 49,350	\$ 47,459	\$ 6,730	\$ 56,656
Per Share Amounts:							
Income (loss) from continuing operations							
Basic	\$ 0.88	\$ 0.93	\$ 0.87	\$ 0.52	\$ 0.46	\$ 0.07	\$ 0.54
Diluted	\$ 0.88	\$ 0.93	\$ 0.87	\$ 0.52	\$ 0.46	\$ 0.07	\$ 0.54
Net income (loss) available to common							
Basic	\$ 0.90	\$ 0.94	\$ 0.87	\$ 0.52	\$ 0.46	\$ 0.07	\$ 0.54
Diluted	\$ 0.90	\$ 0.94	\$ 0.87	\$ 0.52	\$ 0.46	\$ 0.07	\$ 0.54
Dividends, Common Stock(3)	\$ 1.08	\$ 1.19	\$ 1.20	\$ 1.37	\$ 1.55	\$ 0.75	\$ 0.83
Dividends, Series D Preferred (3)(4)	\$ 2.09	\$ 2.09	\$ 2.09	\$ 2.09	\$ 0.74	\$ 0.74	\$ —
Weighted-average common shares outstanding basic	65,858	75,127	83,556	94,056	102,119	100,993	104,736
	65,886	75,213	83,649	94,237	102,177	101,044	105,023

Weighted-average
common shares
outstanding
diluted

Consolidated
Balance Sheet
Data

(at period end):

Gross investments

(5)	\$ 1,322,964	\$ 1,502,847	\$ 1,803,743	\$ 2,504,818	\$ 2,831,132	\$ 2,482,980	\$ 2,852,965
Total assets	\$ 1,182,287	\$ 1,364,467	\$ 1,655,033	\$ 2,304,007	\$ 2,557,312	\$ 2,240,979	\$ 2,551,862
Revolving line of credit	\$ 48,000	\$ 63,500	\$ 94,100	\$ —	\$ 272,500	\$ 53,000	\$ 2,000
Other long-term borrowings	\$ 525,709	\$ 484,697	\$ 644,049	\$ 1,176,965	\$ 1,278,900	\$ 1,174,931	\$ 1,487,991
Total debt (6)	\$ 573,709	\$ 548,197	\$ 738,149	\$ 1,176,965	\$ 1,551,400	\$ 1,227,931	\$ 1,489,991
Stockholders' equity	\$ 586,127	\$ 787,988	\$ 865,227	\$ 1,004,066	\$ 878,484	\$ 902,089	\$ 935,675

(1) Relates to nursing home revenue of owned and operated assets.

(2) Includes interest refinancing costs and amortization of deferred financing costs.

(3) Dividends per share are those declared and paid during such period.

(4) We redeemed all of our outstanding Series D Preferred Stock on March 7, 2011.

(5) We define gross investments as total investments before accumulated depreciation.

(6) Total debt includes long-term debt and current maturities of long-term debt. Total debt also includes \$21.8 million, \$25.3 million, \$ 21.1 million and \$ 22.6 million of non-cash fair value adjustments to mark assumed debt to market on the date of the assumption for the periods ended December 31, 2010 and 2011 and six months ended June 30 , 2011 and 2012, respectively.

Ratio of Earnings to Fixed Charges

	Year Ended December 31,					Six Months Ended	
	2007	2008	2009	2010	2011	June 30 , 2011	2012
Earnings / fixed charge coverage ratio	2.5x	2.9x	3.1x	1.6x	1.6x	1.3x	2.1 x

Earnings consist of income from continuing operations plus fixed charges. Fixed charges consist of interest expense, amortization of deferred financing costs and costs related to retiring certain debt early.

RISK FACTORS

You should carefully consider the risks described under “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, Item 1A in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and in the other documents incorporated by reference into this prospectus (which risk factors are incorporated by reference herein), as well as the other information contained or incorporated by reference in this prospectus, before participating in this exchange offer. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also materially and adversely affect our business operations and financial condition or the market for the notes.

Risks Relating to the Exchange Offer

There are significant consequences if you fail to exchange your initial notes.

We did not register the initial notes under the Securities Act or any state securities laws, nor do we intend to do so after the exchange offer. As a result, the initial notes may only be transferred in limited circumstances under applicable securities laws. If you do not exchange your initial notes in the exchange offer, you will lose your right to have the initial notes registered under the Securities Act, subject to certain exceptions. If you continue to hold initial notes after the exchange offer, you may be unable to sell the initial notes. Initial notes that are not tendered or are tendered but not accepted will, following the exchange offer, continue to be subject to existing restrictions.

You must follow the appropriate procedures to tender your initial notes or they will not be exchanged.

The exchange notes will be issued in exchange for the initial notes only after timely receipt by the exchange agent of the initial notes or a book-entry confirmation related thereto, a properly completed and executed letter of transmittal or an agent’s message and all other required documentation. If you want to tender your initial notes in exchange for exchange notes, you should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent are under any duty to give you notification of defects or irregularities with respect to tenders of initial notes for exchange. Initial notes that are not tendered or are tendered but not accepted will, following the exchange offer, continue to be subject to the existing transfer restrictions. In addition, if you tender the initial notes in the exchange offer with the intent of participating in a distribution of the exchange notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. See “The Exchange Offer” and “Plan of Distribution.”

The consummation of the exchange offer may not occur.

We are not obligated to complete the exchange offer under certain circumstances. See “The Exchange Offer—Conditions of the Exchange Offer.” Even if the exchange offer is completed, it may not be completed on the schedule described in this prospectus. Accordingly, holders participating in the exchange offer may have to wait longer than expected to receive their exchange notes. You may be required to deliver prospectuses and comply with other requirements in connection with any resale of the exchange notes.

If you tender your initial notes for the purpose of participating in a distribution of the exchange notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. In addition, if you are a broker-dealer receiving exchange notes for your own account in exchange for initial notes acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of those exchange notes.

Risks Related to the Notes

If an active trading market for the notes does not develop, the liquidity and value of the notes could be harmed.

The exchange notes have been registered under the Securities Act. Although the exchange notes are eligible for trading, we cannot assure you that an active trading market will develop for the exchange notes. If no active trading market develops, you may not be able to resell your exchange notes at their fair market value or at all. Future trading prices of the exchange notes will depend on many factors, including, among other things, the success of this exchange offer, prevailing interest rates, our operating results and the market for similar securities. We do not intend to apply for a listing of the exchange notes on the New York Stock Exchange or any other securities exchange.

Our substantial indebtedness could adversely affect our financial flexibility and our competitive position.

As of June 30, 2012, we had approximately \$1.5 billion of debt outstanding, including the initial notes. Of that amount, approximately \$1.2 billion of debt outstanding (including the notes and approximately \$2 million of borrowings and no letters of credit outstanding under our \$475 million revolving credit facility) would be pari passu in right of payment with the notes, and our non-guarantor subsidiaries would have had approximately \$266 million aggregate principal amount of secured debt outstanding under our HUD-guaranteed mortgage loans and another \$20 million aggregate principal amount of unsecured debt (all of which would be structurally senior in right of payment to the notes). The notes are structurally subordinated to existing and future indebtedness of our non-guarantor subsidiaries and have no direct claim against such subsidiaries or their assets. Our substantial level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness, including the notes. Our substantial indebtedness could have other important consequences to you and significantly impact our business. For example, it could:

make it more difficult for us to satisfy our obligations with respect to the notes;

increase our vulnerability to adverse changes in general economic, industry and competitive conditions;

require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness and leases, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

limit our ability to make material acquisitions or take advantage of business opportunities that may arise;

expose us to fluctuations in interest rates, to the extent our borrowings bear variable rates of interest;

place us at a competitive disadvantage compared to our competitors that have less debt;

limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business plan or other general corporate purposes on satisfactory terms or at all;

reduce the amount of surplus funds distributable by the non-guarantor subsidiaries to us for use in our business, such as for the payment of indebtedness, including the notes; and

lead us to elect to make additional investments in our non-guarantor subsidiaries if their cash flow from operations is insufficient for them to make payments on their indebtedness.

In addition, our revolving credit facility, the indentures governing our other existing senior notes and the indenture governing the notes contain, and the agreements evidencing or governing other future indebtedness may contain, restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. These restrictions require us to comply with or maintain certain financial tests and limit or prohibit our ability to, among other things,

incur, assume or permit to exist additional indebtedness, guaranty obligations or hedging arrangements;

incur liens or agree to negative pledges in other agreements;

declare dividends, make payments or redeem or repurchase capital stock;

cause our subsidiaries to enter into agreements restricting dividends and distributions;

engage in mergers, acquisitions and other business combinations;

prepay, redeem or purchase certain indebtedness;

amend or otherwise alter the terms of our organizational documents, our indebtedness (including the notes) and other material agreements;

sell assets; and

engage in certain transactions with affiliates.

Our failure to comply with those covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of all of our indebtedness.

We have the right to suspend many of the covenants under the indenture governing the notes during any period in which the notes are rated investment grade by either Moody's or Standard & Poor's.

Because the notes have received an investment grade rating from Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or "S&P," and no default or event of default has occurred and is continuing, we have the right to institute a Suspension Period, during which many of the covenants in the indenture that governs the notes will not apply to us. Declaring a Suspension Period would allow us to incur debt, pay dividends and make other distributions and engage in certain other transactions that would not be permitted while these covenants were in force, subject to our compliance with our revolving credit facility and the indentures governing our other existing senior notes. To the extent the covenants are subsequently reinstated, any such actions taken while the covenants were suspended would not result in an event of default under the indenture that governs the notes. There can be no assurance that the notes will maintain their ratings. See "Description of the Notes—Certain Covenants." As of date of this prospectus, we have not elected to institute a Suspension Period, but we reserve the right to do so in the future. We do not presently anticipate instituting a Suspension Period so long as our 7.50% senior notes due 2020 remain outstanding and we have only one investment grade rating. The senior notes due 2020 are callable beginning February 15, 2015 at 103.750%. Our revolving credit facility and our senior notes due 2020 are subject to restrictive covenants. See "—Our substantial indebtedness could adversely affect our financial flexibility and our competitive position."

Despite current indebtedness levels, we may incur additional debt. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although covenants under our revolving credit facility, the indentures governing our other existing senior notes and the indenture governing the notes limit our ability and the ability of our present and future restricted subsidiaries to incur additional indebtedness, the terms of the indenture governing the notes will permit us to incur significant additional indebtedness. To the extent that we incur additional indebtedness or such other obligations, the risk associated with our substantial indebtedness described above, including our possible inability to service our debt, will increase.

To service our debt, we will require a significant amount of cash, the availability of which depends on many factors beyond our control.

Our ability to make payments on and to refinance our debt, including the notes, will depend on our ability to generate cash in the future. This, to an extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow or that future borrowings will be available to us in an amount sufficient to enable us to pay our debt, including the notes, or to fund our other liquidity needs. If our future cash flow from operations and existing sources of funds are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional equity capital or restructure or refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing debt and other future debt may limit our ability to pursue any of these alternatives. Notwithstanding our cash needs, we have the ability to make restricted payments of over \$500 million as of June 30, 2012. See “Description of Notes—Covenants—Limitation on Restricted Payments”.

Payment of principal and interest on the notes will be effectively subordinated to our future secured debt to the extent of the value of the assets securing that debt.

The notes are not secured. Our obligations and the obligations of the subsidiary guarantors under our revolving credit facility are currently unsecured and would be pari passu in right of payment with the notes. In the future we may choose to secure, as future secured indebtedness, certain indebtedness that is currently unsecured (including, without limitation, the revolving credit facility), to refinance such unsecured indebtedness with secured indebtedness, or to otherwise issue or assume future secured indebtedness, subject to compliance with any applicable restrictions in the indenture governing the notes. The notes would be effectively subordinate to our payment obligations in connection with any future secured indebtedness of ours, and the guarantees of the notes by the subsidiary guarantors would likewise be effectively subordinate to any future secured indebtedness of the subsidiary guarantors of the notes. The notes are also structurally subordinated to the existing and future indebtedness of our non-guarantor subsidiaries. In the event of our liquidation or insolvency, or if any of our secured indebtedness is accelerated, the assets securing such indebtedness will first be applied to repay our obligations under our secured indebtedness in full and then to repay our obligations under our unsecured indebtedness, including under the notes. As a result, the notes are structurally subordinated to any of our future secured indebtedness and that of the subsidiary guarantors to the extent of the value of the assets securing that indebtedness (or guarantees of that indebtedness), and the notes are structurally subordinated to our existing and future indebtedness of our non-guarantor subsidiaries. The holders of the notes would, in all likelihood, recover ratably less than the lenders of our secured indebtedness in the event of our bankruptcy or insolvency. As of June 30, 2012, we had approximately \$ 2 million of borrowings and no letters of credit outstanding under our \$475 million revolving credit facility, which ranks equally in right of payment with the notes.

Not all of our subsidiaries are guarantors of the notes, and therefore the notes are structurally subordinated in right of payment to the indebtedness and other liabilities of our existing and future subsidiaries that do not guarantee the notes.

The subsidiary guarantors of the notes will include only our existing restricted subsidiaries and all of our future restricted subsidiaries that guarantee any indebtedness of ours or of our subsidiary guarantors. Any subsidiary under the indentures for our other existing notes that is an unrestricted subsidiary under our existing notes or that we properly designate as an unrestricted subsidiary under the indenture governing the notes will not provide guarantees of the notes.

The notes and guarantees are structurally subordinated to all of the liabilities of any of our subsidiaries that do not guarantee the notes and will be required to be paid before the holders of the notes have a claim, if any, against those subsidiaries and their assets. Therefore, if there were a dissolution, bankruptcy, liquidation or reorganization of any such subsidiary, the holders of notes would not receive any amounts with respect to the notes from the assets of such subsidiary until after the payment in full of the claims of creditors, including trade creditors, secured creditors and preferred stockholders, of such subsidiary. As of June 30, 2012, our non-guarantor subsidiaries had \$ 266 million in outstanding secured indebtedness and \$20 million of unsecured indebtedness. Our non-guarantor subsidiaries accounted for approximately \$ 520 million, or 20 %, of our total assets as of June 30, 2012.

Under certain circumstances a court could void or subordinate the notes or the related guarantees under fraudulent transfer laws.

Our issuance of the notes and our subsidiaries' issuance of the guarantees may be subject to review under federal bankruptcy law or state fraudulent transfer law. If we become a debtor in a case under the U.S. Bankruptcy Code or if unpaid creditors file a lawsuit against us under relevant state fraudulent transfer law, a court may review the issuance of the notes to determine whether our obligations under the notes are void as fraudulent transfers. The laws related to fraudulent transfers differ among various jurisdictions. In general, however, a court might void our obligations under the notes if it found that, when we issued the notes, (a) we received less than reasonably equivalent value or fair consideration in exchange for the notes, and (b) we either (1) were insolvent or were rendered insolvent by the issuance of the notes, (2) were left with unreasonably small capital to conduct our business, or (3) intended to incur, or believed or reasonably should have believed that we would incur, debts beyond our ability to pay. The court could also void our obligations under the notes, without regard to factors (a) and (b), if it found that we issued the notes with actual intent to hinder, delay or defraud our creditors. As an alternative to voiding our obligations under the notes, a court could impose other legal or equitable remedies, such as subordinating the notes to our presently existing or future debts or take some other actions detrimental to repayment of the notes.

Similarly, if a subsidiary guarantor becomes a debtor in a case under the U.S. Bankruptcy Code or if unpaid creditors filed a lawsuit against a subsidiary guarantor under relevant state fraudulent transfer law, a court may review the issuance of its guarantee to determine whether such guarantee is void as a fraudulent transfer. In general, a court might void a guarantee if it finds that when such subsidiary guarantor issued its guarantee (or in some jurisdictions, when payments became due under the guarantee), factors (a) and (b) above applied to such subsidiary guarantor. Similarly, the court could also void a guarantee, without regarding to factors (a) and (b) above, if it found that such subsidiary guarantor issued its guarantee with actual intent to hinder, delay or defraud its creditors. Similarly, as an alternative to voiding a subsidiary guarantor's obligations under a guarantee, a court could impose other legal or equitable remedies, such as subordinating the guarantee to the subsidiary guarantor's presently existing or future debts or taking some other actions detrimental to payment on the guarantee. If a court were to void or subordinate one or more guarantees, we cannot assure you that funds would be available to pay the notes from another subsidiary guarantor or from any other source.

In addition, a court could, under the legal theories discussed above, also void any payments made by us to you pursuant to the notes or any payments made by a subsidiary guarantor to you pursuant to a guarantee, and require the return of any payment or the return of any realized value to us or the subsidiary guarantor, as the case may be, or to a fund for the benefit of the creditors of us or the subsidiary guarantor.

The test for determining solvency for purposes of the foregoing will vary depending on the law of the jurisdiction being applied. In general, the following are different tests a court might apply to evaluate an entity's insolvency: (a) it could not pay its existing debts as they become due, (b) the sum of its existing debts exceeds the fair value of all of its property, or (c) the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts as they become due. For this analysis, "debts" includes contingent, unmatured and unliquidated

debts. The indenture governing the notes will contain provisions intending to limit the liability of each guarantor on its guarantee to the maximum amount that such guarantor can incur without risk that its guarantee will be subject to avoidance as a fraudulent transfer. However, these provisions may not be effective to protect such guarantees from fraudulent transfer challenges, and, even if they were, such provisions would have the effect of limiting the amount you could recover under the guarantees.

If a court voided our obligations under the notes and the obligations of all of the subsidiary guarantors under their guarantees, you would not have a claim against us or the subsidiary guarantors and would likely have no source from which to recover amounts due under the notes.

If a bankruptcy petition were filed by or against us, you may receive a lesser amount for your claim than you would be entitled to receive under the indenture governing the notes.

If a bankruptcy case were filed by or against us under the U.S. Bankruptcy Code after the issuance of the notes, the claims of holders of the notes with respect to the principal amount of the notes may be limited to an amount equal to the original issue price for the notes. Accordingly, holders of the notes under these circumstances may receive a lesser amount than they would be entitled to under the terms of the indenture governing the notes, even if sufficient funds are available.

We may not be able to repurchase notes upon a change of control, which would be an event of default under the indenture.

Upon the occurrence of certain change of control events described in the indenture, we will be required to offer to repurchase all initial notes at 101% of their principal amount plus accrued and unpaid interest and additional interest, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make any required repurchases of notes or that restrictions in our revolving credit facility or future senior credit facilities will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a “Change of Control” under the indenture. See “Description of Notes—Repurchase of Notes upon a Change of Control.”

The change of control provisions in the indenture governing the notes may not protect you in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the indenture. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve the type of change or a change of the magnitude or under the circumstances required under the definition of “Change of Control” in the indenture to trigger our obligation to repurchase the notes. Except as otherwise described above, the indenture governing the notes does not contain provisions that permit the holders of the notes to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. Because the exchange notes have substantially identical terms as the initial notes, the issuance of the exchange notes will not result in any increase in our indebtedness. The exchange offer is intended to satisfy our obligations under the registration rights agreement entered into with the initial purchasers of the initial notes. See “The Exchange Offer—Purpose and Effect; Registration Rights.” We used the proceeds from the offering of the initial notes to (i) repurchase our \$175 million aggregate principal amount 7.00% senior notes due 2016 in a tender offer, including the payment of accrued and unpaid interest, premiums, fees and expenses incurred in connection therewith, and (ii) repay a portion of our outstanding borrowings on our revolving credit facility. As of June 30, 2012, we had approximately \$2 million of indebtedness outstanding under our revolving credit facility.

THE EXCHANGE OFFER

Purpose and Effect; Registration Rights

We sold the initial notes on March 19, 2012, in transactions exempt from the registration requirements of the Securities Act. Simultaneously with the sale of the initial notes, we entered into a registration rights agreement with the initial purchasers of the initial notes. Under the registration rights agreement, we agreed, among other things, to:

use our commercially reasonable efforts to file an exchange offer registration statement with the SEC on or prior to 220 days after the issue date of the initial notes, enabling holders to exchange the initial notes for publicly registered exchange notes with nearly identical terms;

use commercially reasonable efforts to have the exchange offer registration statement declared effective by the SEC on or prior to 270 days after the issue date of the initial notes;

keep the exchange offer open for at least 30 days after the date that notice of the exchange offer is mailed to holders of the initial notes; and

use commercially reasonable efforts to consummate the exchange offer within 360 days after the issue date of the initial notes.

For each initial note surrendered to us pursuant to the exchange offer, the holder of such note will receive an exchange note having a principal amount equal to that of the surrendered initial note.

We are conducting the exchange offer to satisfy our obligations under the registration rights agreement. If, because of any change in law or in currently prevailing interpretations of the staff of the SEC, we are not permitted to effect such an exchange offer, or if for any other reason the exchange offer is not consummated within 360 days of the issue date of the initial notes or, under certain circumstances, if the initial purchasers shall so request, we agreed, under the registration rights agreement and at our own expense, to:

use commercially reasonable efforts to file a shelf registration statement covering resales of the initial notes within 60 days after we deliver notice of our intent to file a shelf registration statement to the holders of the initial notes;

use commercially reasonable efforts to cause the shelf registration statement to be declared effective by the SEC under the Securities Act within 60 days after the filing date;

use commercially reasonable efforts to keep the shelf registration statement effective until the earlier of the disposition of the notes covered by the shelf registration statement or one year after the date on which the shelf registration becomes effective; and

if obligated to file the shelf registration statement, use our commercially reasonable efforts to file the shelf registration statement with the SEC on or prior to 60 days after such filing obligation arises and use our commercially reasonable efforts to cause the shelf registration statement to be declared effective by the SEC on or prior to 60 days after such filing.

We will, in the event of the shelf registration statement, provide to each holder of the initial notes copies of the prospectus that is a part of the shelf registration statement, notify each such holder when the shelf registration statement for the initial notes has become effective and take certain other actions as are required to permit unrestricted resales of the initial notes. A holder of the notes that sells such notes pursuant to the shelf registration statement

generally would be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement that are applicable to such a holder, including certain indemnification rights and obligations.

If:

- (a) we fail to file any of the registration statements required by the registration rights agreement on or before the date specified for such filing,
- (b) any of such registration statements is not declared effective by the SEC on or prior to the date specified for such effectiveness,
- (c) we fail to consummate the exchange offer within 90 days after the effectiveness of the exchange offer registration statement, or
- (d) the shelf registration statement or the exchange offer registration statement is declared effective but thereafter ceases to be effective or usable during the periods specified in the registration rights agreement,

(each such event referred to in clauses (a) through (d) above referred to herein as a “registration default”), then we will pay liquidated damages to each holder of outstanding notes. Liquidated damages will accrue at an annual rate of 0.25% of the aggregate principal amount of the outstanding notes on the date of such registration default, such liquidated damages increasing by an additional 0.25% per annum at the beginning of each subsequent 90-day period and are payable in cash semi-annually in arrears on each interest payment date, commencing on the date of such registration default; provided, however, that at no time shall the aggregate amount of liquidated damages accruing exceed in the aggregate 1.0% per annum. All accrued liquidated damages will be paid by us on each interest payment date to the outstanding global note holder by wire transfer of immediately available funds and to holders of outstanding certificated notes by wire transfer to the accounts specified by them or by mailing checks to their registered addresses if no such accounts have been specified. Following the cure of all registration defaults, the accrual of liquidated damages will cease.

The registration rights agreement will provide that the liquidated damages specified above will be the exclusive remedy available to holders of notes for any failure by us to comply with the registration requirements of the registration rights agreement.

The summary herein of certain provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the full text of the registration rights agreement, a copy of which has been filed as Exhibit 4.3 to our Current Report on Form 8-K filed with the SEC on March 19, 2012.

Terms of the Exchange Offer

We are offering to exchange \$400,000,000 in aggregate principal amount of our 5 7/8% Senior Notes due 2024 that have been registered under the Securities Act for a like aggregate principal amount of our outstanding unregistered 5 7/8% Senior Notes due 2024.

Upon the terms and subject to the conditions set forth in this prospectus, we will accept for all initial notes validly tendered and not withdrawn before 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will issue \$1,000 principal amount of exchange notes in exchange for each \$1,000 principal amount of outstanding initial notes accepted in the exchange offer. You may tender some or all of your initial notes under the exchange offer. However, the initial notes are only issuable in authorized denominations of \$2,000 and integral multiples of \$1,000. The exchange offer is not conditioned upon any minimum amount of initial notes being tendered.

The form and terms of the exchange notes are the same as the form and terms of the initial notes, except that the exchange notes:

will be registered under the Securities Act;

will not bear restrictive legends restricting their transfer under the Securities Act;

will not be entitled to the registration rights that apply to the initial notes; and

will not contain provisions relating to an increase in any interest rate in connection with the initial notes under circumstances related to the timing of the exchange offer.

The exchange notes will accrue interest from the most recent date on which interest has been paid on the initial notes or, if no interest has been paid, from March 19, 2012, the date of issuance of the initial notes. Accordingly, registered holders of exchange notes on the record date for the first interest payment date following the completion of the exchange offer will receive interest accrued from the most recent date to which interest has been paid on the initial notes or, if no interest has been paid, from March 19, 2012. However, if that record date occurs prior to completion of the exchange offer, then the interest payable on the first interest payment date following the completion of the exchange offer will be paid to the registered holders of the initial notes on that record date.

In connection with the exchange offer, you do not have any appraisal or dissenters' rights under applicable law or the indenture. We intend to conduct the exchange offer in accordance with the registration rights agreement and the applicable requirements of the Exchange Act, and the rules and regulations of the SEC. The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of the initial notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of the jurisdiction.

We will be deemed to have accepted validly tendered initial notes when we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the exchange notes from us.

If we do not accept any tendered initial notes because of an invalid tender or for any other reason, then we will return any unaccepted initial notes without expense to the tendering holder promptly after the expiration date.

Holders who tender initial notes in the exchange offer will not be required to pay brokerage commissions or fees. We will pay all charges and expenses, other than certain applicable taxes, in connection with the exchange offer. See “—Fees and Expenses” below for more detailed information regarding the expenses of the exchange offer.

By submitting to the exchange agent an agent's message (defined below), you will be making the representations described under “—Procedures for Tendering Initial Notes—Deemed Representations” below.

Neither we, nor our board of directors or our management makes any recommendation concerning whether you should tender or not tender initial notes in the exchange offer, nor have we or they authorized anyone to make any recommendation. You must decide whether to tender in the exchange offer and, if you decide to tender, the aggregate amount of initial notes to tender.

Expiration Date; Extension; Amendments

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2012 unless we, in our sole discretion, extend the exchange offer, in which case the expiration date means the latest date and time to which we extend the exchange offer.

To extend the exchange offer, we will notify the exchange agent of any extension by written notice and will make a public announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. During any extension, all initial notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any initial notes not accepted for exchange for any

reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.

We reserve the right, in our sole discretion and at any time, to:

delay accepting any initial notes;

extend the exchange offer;

terminate the exchange offer, by giving oral or written notice of such delay, extension or termination to the exchange agent, if any of the conditions set forth below under “— Conditions of the Exchange Offer” have not been satisfied or waived prior to the expiration date; and

amend the terms of the exchange offer in any manner.

We will notify you as promptly as practicable of any extension, amendment or termination. We will also file a post-effective amendment to the registration statement of which this prospectus is a part with respect to any fundamental changes in the exchange offer.

Conditions of the Exchange Offer

Notwithstanding any other provision of the exchange offer, we are not required to accept for exchange, or to issue exchange notes in exchange for, any initial notes, if in our reasonable judgment:

the exchange offer violates applicable law or applicable interpretation of the staff of the SEC;

any action or proceeding is instituted or threatened in any court or by any governmental agency which might materially impair our ability to proceed with the exchange offer, or any material adverse development shall have occurred in any existing action or proceeding with respect to us; or

we have not obtained all governmental approvals that we deem necessary for the consummation of the exchange offer.

The conditions listed above are for our sole benefit and we may assert them prior to the expiration date regardless of the circumstances giving rise to any condition. Subject to applicable law, we may waive these conditions in our discretion in whole or in part prior to the expiration date. If we fail at any time to exercise any of the above rights, the failure will not be deemed a waiver of those rights, and those rights will be deemed ongoing rights which may be asserted at any time and from time to time.

We will not accept for exchange any initial notes tendered, and will not issue exchange notes in exchange for any initial notes, if at that time a stop order is threatened or in effect with respect to the registration statement of which this prospectus is a part or the qualification of the indenture under the Trust Indenture Act of 1939.

Procedures for Tendering Initial Notes

Valid Tender

When the holder of initial notes tenders, and we accept, initial notes for exchange, a binding agreement between us, on the one hand, and the tendering holder, on the other hand, is created, subject to the terms and conditions set forth in this prospectus and the accompanying letter of transmittal. Except as set forth below, a holder of initial notes who wishes to tender initial notes for exchange must, on or prior to the expiration date:

transmit a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal (including initial notes), to the exchange agent, U.S. Bank National Association, at the address set forth below under “—Exchange Agent;”

if initial notes are tendered pursuant to the book-entry procedures set forth below, the tendering holder must deliver a completed and duly executed letter of transmittal or arrange with DTC to cause an agent's message to be transmitted with the required information (including a book-entry confirmation) to the exchange agent at the address set forth below under "—Exchange Agent;" or

comply with the provisions set forth below under "—Guaranteed Delivery."

In addition, on or prior to the expiration date:

the exchange agent must receive the certificates for the initial notes and the letter of transmittal;

the exchange agent must receive a timely confirmation of the book-entry transfer of the initial notes being tendered into the exchange agent's account at DTC, along with the letter of transmittal or an agent's message; or

the holder must comply with the guaranteed delivery procedures described below.

The letter of transmittal or agent's message may be delivered by mail, facsimile, hand delivery or overnight carrier, to the exchange agent.

The term "agent's message" means a message transmitted to the exchange agent by DTC that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against such holder.

If you beneficially own initial notes and those notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee or custodian and you wish to tender your initial notes in the exchange offer, you should contact the registered holder as soon as possible and instruct it to tender the initial notes on your behalf and comply with the instructions set forth in this prospectus and the letter of transmittal.

If you tender fewer than all of your initial notes, you should fill in the amount of notes tendered in the appropriate box on the letter of transmittal. If you do not indicate the amount tendered in the appropriate box, we will assume you are tendering all initial notes that you hold.

The method of delivery of the certificates for the initial notes, the letter of transmittal and all other required documents is at the election and sole risk of the holders. If delivery is by mail, we recommend registered mail with return receipt requested, properly insured, or overnight delivery service. In all cases, you should allow sufficient time to assure timely delivery. No letters of transmittal or initial notes should be sent directly to us. Delivery is complete when the exchange agent actually receives the items to be delivered. Delivery of documents to DTC in accordance with DTC's procedures does not constitute delivery to the exchange agent.

Deemed Representations

To participate in the exchange offer, we require that you represent to us that:

- (i) you or any other person acquiring exchange notes in exchange for your initial notes in the exchange offer is acquiring them in the ordinary course of business;
- (ii) neither you nor any other person acquiring exchange notes in exchange for your initial notes in the exchange offer is participating, intends to participate in and has no arrangement or understanding with any person to participate in a "distribution" (within the meaning of the Securities Act) of the exchange notes;

- (iii) neither you nor any other person acquiring exchange notes in exchange for your initial notes is our “affiliate” as defined under Rule 405 of the Securities Act; and
- (iv) if you are a broker-dealer and you acquired the initial notes as a result of market-making activities or other trading activities, you acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes.

By tendering your initial notes in the exchange offer, you will be deemed to have made the foregoing representations.

Broker-dealers who cannot make the representations in item (iv) above cannot use this prospectus in connection with resales of the exchange notes issued in the exchange offer.

If you are our “affiliate,” as defined under Rule 405 of the Securities Act, if you are a broker-dealer who acquired your initial notes in the initial offering and not as a result of market-making or trading activities, or if you are engaged in or intend to engage in or have an arrangement or understanding with any person to participate in a distribution of exchange notes acquired in the exchange offer, you or that person:

- (i) may not rely on the applicable interpretations of the staff of the SEC and therefore may not participate in the exchange offer; and
- (ii) must comply with the registration and prospectus delivery requirements of the Securities Act or an exemption therefrom when reselling the initial notes.

Acceptance of Initial Notes for Exchange and Issuance of Initial Notes

As promptly as practicable after the expiration date, we will accept all initial notes validly tendered and not withdrawn, and we will issue exchange notes registered under the Securities Act to the exchange agent. The exchange agent might not deliver the exchange notes to all tendering holders at the same time. The timing of delivery depends upon when the exchange agent receives and processes the required documents.

We will be deemed to have exchanged initial notes validly tendered and not withdrawn when we give oral or written notice to the exchange agent of our acceptance of the tendered initial notes, with written confirmation of any oral notice to be given promptly thereafter. The exchange agent is our agent for receiving tenders of initial notes, letters of transmittal and related documents.

In tendering initial notes, you must warrant in the letter of transmittal or in an agent’s message (described below) that:

you have full power and authority to tender, exchange, sell, assign and transfer initial notes;

we will acquire good, marketable and unencumbered title to the tendered initial notes, free and clear of all liens, restrictions, charges and other encumbrances; and

the initial notes tendered for exchange are not subject to any adverse claims or proxies.

You also must warrant and agree that you will, upon request, execute and deliver any additional documents requested by us or the exchange agent to complete the exchange, sale, assignment and transfer of the initial notes.

Signature Guarantees

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the initial notes surrendered for exchange are tendered:

by a registered holder of initial notes who has not completed the box entitled “Special Issuance Instructions” or “Special Delivery Instructions” on the letter of transmittal; or

for the account of an eligible institution.

An “eligible institution” is a firm or other entity which is identified as an “Eligible Guarantor Institution” in Rule 17Ad-15 under the Exchange Act, including:

a bank;

a broker, dealer, municipal securities broker or dealer or government securities broker or dealer;

a credit union;

a national securities exchange, registered securities association or clearing agency; or

a savings association.

If signatures on a letter of transmittal or notice of withdrawal are required to be guaranteed, the guarantor must be an eligible institution.

If initial notes are registered in the name of a person other than the signer of the letter of transmittal, the initial notes surrendered for exchange must be endorsed or accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by us in our sole discretion, duly executed by the registered holder with the holder’s signature guaranteed by an eligible institution.

Book-Entry Transfers

For tenders by book-entry transfer of initial notes cleared through DTC, the exchange agent will make a request to establish an account at DTC for purposes of the exchange offer. Any financial institution that is a DTC participant may make book-entry delivery of initial notes by causing DTC to transfer the initial notes into the exchange agent’s account at DTC in accordance with DTC’s procedures for transfer. The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC may use the Automated Tender Offer Program, or ATOP, procedures to tender initial notes. Accordingly, any participant in DTC may make book-entry delivery of initial notes by causing DTC to transfer those initial notes into the exchange agent’s account in accordance with its ATOP procedures for transfer.

Notwithstanding the ability of holders of initial notes to effect delivery of initial notes through book-entry transfer at DTC, either:

the letter of transmittal or a facsimile thereof, or an agent’s message in lieu of the letter of transmittal, with any required signature guarantees and any other required documents must be transmitted to and received by the exchange agent prior to the expiration date at the address given below under “—Exchange Agent”; or

the guaranteed delivery procedures described below must be complied with.

Guaranteed Delivery

If a holder wants to tender initial notes in the exchange offer and (1) the certificates for the initial notes are not immediately available or all required documents are unlikely to reach the exchange agent on or prior to the expiration date, or (2) a book-entry transfer cannot be completed on a timely basis, the initial notes may be tendered if the holder complies with the following guaranteed delivery procedures:

the tender is made by or through an eligible institution;

the eligible institution delivers a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided, to the exchange agent on or prior to the expiration date:

setting forth the name and address of the holder of the initial notes being tendered and the amount of the initial notes being tendered;

stating that the tender is being made; and

guaranteeing that, within three (3) New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, the certificates for all physically tendered initial notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal, or an agent's message, with any required signature guarantees and any other documents required by the letter of transmittal, will be deposited by the eligible institution with the exchange agent; and

the exchange agent receives the certificates for the initial notes, or a confirmation of book-entry transfer, and a properly completed and duly executed letter of transmittal, or an agent's message in lieu thereof, with any required signature guarantees and any other documents required by the letter of transmittal within three (3) New York Stock Exchange trading days after the notice of guaranteed delivery is executed for all such tendered initial notes.

You may deliver the notice of guaranteed delivery by hand, facsimile, mail or overnight delivery to the exchange agent, and you must include a guarantee by an eligible institution in the form described above in such notice.

Our acceptance of properly tendered initial notes is a binding agreement between the tendering holder and us upon the terms and subject to the conditions of the exchange offer.

Determination of Validity

We will determine in our sole discretion all questions regarding the form of documents, validity, eligibility, including time of receipt, and acceptance for exchange of any tendered initial notes. Our determination will be final and binding on all parties. We reserve the absolute right to reject any and all tenders of initial notes not properly tendered or initial notes our acceptance of which might, in the judgment of our counsel, be unlawful. We also reserve the absolute right to waive any defects, irregularities or conditions of tender as to any particular initial notes. However, to the extent we waive any conditions of tender with respect to one tender of initial notes, we will waive that condition for all tenders as well. Our interpretation of the terms and conditions of the exchange offer, including the letter of transmittal, will be final and binding on all parties. A tender of initial notes is invalid until all defects and irregularities have been cured or waived. Holders must cure any defects and irregularities in connection with tenders of initial notes for exchange within such reasonable period of time as we will determine, unless we waive the defects or irregularities. Neither us, any of our affiliates or assigns, the exchange agent nor any other person will incur any liability or failure to give you notification of defects or irregularities with respect to tenders of your initial notes.

If any letter of transmittal, endorsement, bond power, power of attorney or any other document required by the letter of transmittal is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, that person must indicate such capacity when signing. In addition, unless waived by us, the person must submit proper evidence satisfactory to us, in our sole discretion, of his or her authority to so act.

Withdrawal Rights

You can withdraw tenders of initial notes at any time prior to 5:00 p.m., New York City Time, on the expiration date.

For a withdrawal to be effective, you must deliver a written notice of withdrawal to the exchange agent. The notice of withdrawal must:

specify the name of the person tendering the initial notes to be withdrawn;

identify the initial notes to be withdrawn, including the total principal amount of initial notes to be withdrawn;

where certificates for initial notes are transmitted, list the name of the registered holder of the initial notes if different from the person withdrawing the initial notes;

state that the holder is withdrawing his election to have the initial notes exchanged; and

be signed by the holder in the same manner as the original signature on the letter of transmittal by which the initial notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the initial notes register the transfer of the initial notes in the name of the person withdrawing the tender.

If you delivered or otherwise identified pursuant to the guaranteed delivery procedures initial notes to the exchange agent, you must submit the serial numbers of the initial notes to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an eligible institution, except in the case of initial notes tendered for the account of an eligible institution. If you tendered initial notes as a book-entry transfer, the notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn initial notes and you must deliver the notice of withdrawal to the exchange agent. You may not rescind withdrawals of tender; however, initial notes properly withdrawn may again be tendered at any time on or prior to the expiration date.

We will determine all questions regarding the form of withdrawal, validity, eligibility, including time of receipt, and acceptance of withdrawal notices. Our determination of these questions as well as our interpretation of the terms and conditions of the exchange offer (including the letter of transmittal) will be final and binding on all parties. Neither us, any of our affiliates or assigns, the exchange agent nor any other person is under any obligation to give notice of any irregularities in any notice of withdrawal, nor will they be liable for failing to give any such notice.

In the case of initial notes tendered by book-entry transfer through DTC, the initial notes withdrawn or not exchanged will be credited to an account maintained with DTC. Withdrawn initial notes will be returned to the holder after withdrawal. The initial notes will be returned or credited to the account maintained with DTC as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Any initial notes that have been tendered for exchange but that are not exchanged for any reason will be returned to the holder thereof without cost to the holder.

Properly withdrawn initial notes may again be tendered by following one of the procedures described under “—Procedures for Tendering Initial Notes” above at any time prior to 5:00 p.m., New York City Time, on the expiration date.

Exchange Agent

U.S. Bank National Association is the exchange agent. You should direct any questions and requests for assistance and requests for additional copies of this prospectus to the exchange agent addressed as follows:

By Hand, Overnight Mail, Courier, or Registered or Certified Mail:

U.S. Bank National Association
Corporate Trust Services
60 Livingston Avenue
St. Paul, MN 55107
Attention: Specialty Finance Group
Reference: Omega Healthcare Investors, Inc.

By Facsimile:

(615) 495-8158

Attention: Specialty Finance Group

Reference: Omega Healthcare Investors, Inc.

For Information or Confirmation by Telephone:

1-800-934-6802

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If you deliver letters of transmittal and any other required documents to an address or facsimile number other than those listed above, your tender is invalid.

Fees and Expenses

The registration rights agreement provides that we will bear all expenses in connection with the performance of our obligations relating to the registration of the exchange notes and the conduct of the exchange offer. These expenses include registration and filing fees, accounting and legal fees and printing costs, among others. We will pay the exchange agent reasonable and customary fees for its services and reasonable out-of-pocket expenses. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for customary mailing and handling expenses incurred by them in forwarding this prospectus and related documents to their clients that are holders of initial notes and for handling or tendering for such clients.

We have not retained any dealer-manager in connection with the exchange offer and will not pay any fee or commission to any broker, dealer, nominee or other person, other than the exchange agent, for soliciting tenders of initial notes pursuant to the exchange offer.

Transfer Taxes

Holders who tender their initial notes for exchange will not be obligated to pay any transfer taxes in connection with the exchange. If, however, exchange notes issued in the exchange offer are to be delivered to, or are to be issued in the name of, any person other than the holder of the initial notes tendered, or if a transfer tax is imposed for any reason other than the exchange of initial notes in connection with the exchange offer, then the holder must pay any such transfer taxes, whether imposed on the registered holder or on any other person. If satisfactory evidence of payment of, or exemption from, such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to the tendering holder.

Accounting Treatment

The exchange notes will be recorded at the same carrying value as the initial notes, as reflected in our accounting records on the date of exchange. Accordingly, we will recognize no gain or loss for accounting purposes upon the closing of the exchange offer. The expenses of the exchange offer will be expensed as incurred.

Resales of Exchange Notes

Based on interpretive letters issued by the SEC staff to third parties in transactions similar to the exchange offer, we believe that a holder of exchange notes, other than a broker-dealer, may offer exchange notes for resale, resell and otherwise transfer the exchange notes without delivering a prospectus to prospective purchasers, if the holder acquired the exchange notes in the ordinary course of business, has no intention of engaging in a “distribution” (as defined under the Securities Act) of the exchange notes and is not an “affiliate” (as defined under the Securities Act) of us. We will not seek our own interpretive letter. As a result, we cannot assure you that the staff will take the same position on this exchange offer as it did in interpretive letters to other parties in similar transactions.

By tendering initial notes, the holder, other than participating broker-dealers, as defined below, of those initial notes will represent to us that, among other things:

the exchange notes acquired in the exchange offer are being obtained in the ordinary course of business of the person receiving the exchange notes, whether or not that person is the holder;

neither the holder nor any other person receiving the exchange notes is engaged in, intends to engage in or has an arrangement or understanding with any person to participate in a “distribution” (as defined under the Securities Act) of the exchange notes; and

neither the holder nor any other person receiving the exchange notes is an “affiliate” (as defined under the Securities Act) of us.

If any holder or any such other person is an “affiliate” of us or is engaged in, intends to engage in or has an arrangement or understanding with any person to participate in a “distribution” of the exchange notes, such holder or other person:

may not rely on the applicable interpretations of the staff of the SEC referred to above; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives exchange notes for its own account in exchange for initial notes must represent that the initial notes to be exchanged for the exchange notes were acquired by it as a result of market-making activities or other trading activities and acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any offer to resell, resale or other retransfer of the exchange notes pursuant to the exchange offer. Any such broker-dealer is referred to as a participating broker-dealer. However, by so acknowledging and by delivering a prospectus, the participating broker-dealer will not be deemed to admit that it is an “underwriter” (as defined under the Securities Act). If a broker-dealer acquired initial notes as a result of market-making or other trading activities, it may use this prospectus, as amended or supplemented, in connection with offers to resell, resales or retransfers of exchange notes received in exchange for the initial notes pursuant to the exchange offer. We have agreed that, during the period ending 90 days after the consummation of the exchange offer, subject to extension in limited circumstances, we will use all commercially reasonable efforts to keep the exchange offer registration statement effective and make this prospectus available to any broker-dealer for use in connection with any such resale. See “Plan of Distribution” for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

Consequences of Failure to Exchange Initial Notes

Holders who desire to tender their initial notes in exchange for exchange notes registered under the Securities Act should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent is under any duty to give notification of defects or irregularities with respect to the tenders of initial notes for exchange.

Initial notes that are not tendered or are tendered but not accepted will, following the consummation of the exchange offer, continue to be subject to the provisions in the indenture regarding the transfer and exchange of the initial notes and the existing restrictions on transfer set forth in the legend on the initial notes and in the offering memorandum, dated March 19, 2012, relating to the initial notes. Except in limited circumstances with respect to the specific types of holders of initial notes, we will have no further obligation to provide for the registration under the Securities Act of such initial notes. In general, initial notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not anticipate that we will take any action to register the untendered initial notes under the Securities Act or under any state securities laws. Upon completion of the exchange offer, holders of the initial notes will not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances.

Initial notes that are not exchanged in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits their holders have under the indenture relating to the initial notes and the

exchange notes. Holders of the exchange notes and any initial notes that remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage of the class have taken certain actions or exercised certain rights under the indenture.

DESCRIPTION OF NOTES

The exchange notes are identical in all material respect to the initial notes, except that (i) the exchange notes will be registered under the Securities Act, (ii) the exchange notes will not bear restrictive legends restricting their transfer under the Securities Act, (iii) holders of the exchange notes are not entitled to certain rights under the registration rights agreement and (iv) the exchange notes will not contain provisions relating to an increase in any interest rate in connection with the outstanding notes under circumstances related to the timing of the exchange offer. The exchange notes will evidence the same debt as the initial notes, which they replace, and will be governed by the same indenture by and among us, certain of our subsidiary guarantors as discussed below, and U.S. Bank National Association, as trustee. The following is a summary of the material provisions of the indenture governing the notes among us, the subsidiary guarantors and U.S. Bank National Association, as trustee. We urge you to read the indenture in its entirety, which is filed as Exhibit 4.1 to our Current Report on Form 8-K filed on March 19, 2012, because it, and not this description, defines your rights as a noteholder. Copies of the indenture are available upon request to Omega at the address indicated under “Incorporation of Documents by Reference.” Except as otherwise indicated, the following description relates to both the initial notes and the exchange notes, which are together referred to as the “notes.” You can find the definitions of certain capitalized terms used in this description under “—Certain Definitions” below. For purposes of this section only, references to the “Issuer” include only Omega Healthcare Investors, Inc. and not its subsidiaries.

General

The initial notes were issued in an aggregate principal amount of \$400 million. The exchange notes will be issued in an aggregate principal amount equal to the aggregate principal amount of the initial notes they replace. The notes are unsecured senior obligations of the Issuer and will mature on March 15, 2024. The notes will initially bear interest at a rate of 5 7/8% per annum, payable semiannually to holders of record at the close of business on the March 1 or September 1, immediately preceding the interest payment date on March 15 and September 15 of each year, commencing September 15, 2012.

Principal of, premium, if any, and interest on the notes will be payable, and the notes may be exchanged or transferred in accordance with the terms of the indenture.

The notes will be issued only in fully registered form, without coupons, in denominations of \$2,000 of principal amount and any integral multiple of \$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection with a registration of transfer.

Subject to the covenants described below under “—Covenants” and applicable law, the Issuer may issue additional notes under the indenture. The notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture.

Guarantees and Subsidiary Guarantors

The notes are guaranteed on an unsecured senior basis by the Subsidiary Guarantors. The guarantees are unconditional regardless of the enforceability of the notes and the indenture.

Each future Restricted Subsidiary that subsequently guarantees Indebtedness of the Issuer or of any of the Subsidiary Guarantors that ranks equally with or subordinate in right of payment to the notes will be required to execute a Subsidiary Guarantee. See “—Covenants—Limitation on Issuances of Guarantees by Restricted Subsidiaries” below.

Optional Redemption

Optional Redemption. Except as described below, the Issuer does not have the right to redeem any notes prior to March 15, 2017. The notes will be redeemable at the option of the Issuer, in whole or in part, at any time, and from time to time, on and after March 15, 2017, upon not less than 30 days' nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the 12-month period commencing on March 15 of the years indicated below, in each case together with accrued and unpaid interest thereon to the redemption date:

Year	Redemption Price
2017	102.938%
2018	101.958%
2019	100.979%
2020 and thereafter	100.000%

Optional Redemption upon Equity Offerings. At any time, or from time to time, on or prior to March 15, 2015, the Issuer may, at its option, use the Net Cash Proceeds of one or more Equity Offerings to redeem up to 35% of the original principal amount of the notes issued under the indenture at a redemption price of 105.875% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided, however, that:

- (1) at least 65% of the principal amount of notes issued under the indenture remains outstanding immediately after such redemption; and
- (2) the Issuer makes such redemption not more than 90 days after the consummation of any such Equity Offering.

Selection and Notice of Redemption

In the event that the Issuer chooses to redeem less than all of the notes, selection of the notes for redemption will be made by the trustee either:

- (1) in compliance with the requirements of the principal national securities exchange, if any, on which the notes are then listed; or
- (2) on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate.

No notes of a principal amount of \$2,000 or less shall be redeemed in part. If a partial redemption is made with the proceeds of an Equity Offering, the trustee will select the notes only on a pro rata basis or on as nearly a pro rata basis as is practicable (subject to DTC procedures) unless such method is otherwise prohibited. Notice of redemption will be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. Unless the Issuer defaults in the payment of the redemption price, on and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption.

Sinking Fund

There will be no sinking fund payments for the notes.

Ranking

The notes are unsecured senior obligations of the Issuer, and rank equally in right of payment with all existing and future unsecured senior Indebtedness of the Issuer, and senior in right of payment to all existing and future subordinated Indebtedness of the Issuer. The notes are effectively subordinated to all of our and our consolidated Subsidiaries' secured Indebtedness and structurally subordinated to all existing and future liabilities (including indebtedness, trade payables and lease obligations) of our non-guarantor Subsidiaries. As of June 30 , 2012,

- (1) we had approximately \$1.5 billion of Indebtedness outstanding, including the initial notes;
- (2) excluding the initial notes and Indebtedness of our non-guarantor subsidiaries, we had approximately \$800 million of Indebtedness (including our other existing senior notes, and approximately \$ 2 million of borrowings and no letters of credit outstanding under our \$475 million revolving credit facility), all of which would be pari passu in right of payment with the notes; and
- (3) our non-guarantor Subsidiaries had approximately \$ 266 million aggregate principal amount of secured debt outstanding under our HUD-guaranteed mortgage loans and another \$20 million aggregate principal amount of unsecured indebtedness (all of which would be structurally senior in right of payments to the notes). See “Description of Other Indebtedness.”

Each Subsidiary Guarantor’s guarantee of the notes is an unsecured senior obligation of such Subsidiary Guarantor, and ranks equally in right of payment with all existing and future unsecured senior Indebtedness of such Subsidiary Guarantor. The guarantees of our Subsidiary Guarantors are structurally subordinated to all of the Secured Indebtedness of such Subsidiary Guarantors to the extent of the value of the underlying assets. securing such Indebtedness.

All of our existing subsidiaries that are not Unrestricted Subsidiaries are guarantors of the notes. As of the Closing Date, our Unrestricted Subsidiaries (which will not guarantee the notes or be subject to most of the restrictive covenants under the indenture) include (x) certain subsidiaries with nominal assets, (y) certain subsidiaries that we have acquired since 2009 and which were obligors with respect to pre-existing HUD-guaranteed secured Indebtedness, substantially all of which subsidiaries are structured as special purpose entities, and (z) the acquisition subsidiaries we formed for the purposes of acquiring certain of the subsidiaries described in clause (y). The notes are structurally subordinated to all indebtedness and other liabilities of our subsidiaries that do not guarantee the notes, including our Unrestricted Subsidiaries.

Certain Definitions

Set forth below are definitions of certain terms contained in the indenture that are used in this description. Please refer to the indenture for the definition of other capitalized terms used in this description that are not defined below.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or that is assumed in connection with an Asset Acquisition from such Person by a Restricted Subsidiary and not incurred by such Person in connection with, or in anticipation of, such Person becoming a Restricted Subsidiary or such Asset Acquisition; provided, however, that Indebtedness of such Person that is redeemed, defeased, retired or otherwise repaid at the time of or immediately upon consummation of the transactions by which such Person becomes a Restricted Subsidiary or such Asset Acquisition shall not be Acquired Indebtedness.

“Adjusted Consolidated Net Income” means, for any period, the aggregate net income (or loss) (before giving effect to cash dividends on preferred stock of the Issuer or charges resulting from the redemption of preferred stock of the Issuer) of the Issuer and its Restricted Subsidiaries for such period determined on a consolidated basis in conformity with GAAP; provided, however, that the following items shall be excluded in computing Adjusted Consolidated Net Income, without duplication:

- (1) the net income of any Person, other than the Issuer or a Restricted Subsidiary, except to the extent of the amount of dividends or other distributions actually paid to the Issuer or any of its Restricted Subsidiaries by such Person during such period;

(2) the net income of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

- (3) any after-tax gains or losses attributable to Asset Sales; and
- (4) all extraordinary gains and extraordinary losses.

“Adjusted Consolidated Net Tangible Assets” means the total amount of assets of the Issuer and its Restricted Subsidiaries (less applicable depreciation, amortization and other valuation reserves), except to the extent resulting from write-ups of capital assets (excluding write-ups in connection with accounting for acquisitions in conformity with GAAP), after deducting from the total amount of assets:

- (1) all liabilities of the Issuer and its Restricted Subsidiaries that are classified as current liabilities in accordance with GAAP, excluding intercompany items, and
- (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the most recent quarterly or annual consolidated balance sheet of the Issuer and its Restricted Subsidiaries, prepared in conformity with GAAP and filed with the SEC or provided to the trustee pursuant to the “SEC Reports and Reports to Holders” covenant.

“Adjusted Total Assets” means, for any Person, the sum of:

- (1) Total Assets for such Person as of the end of the fiscal quarter preceding the Transaction Date as set forth on the most recent quarterly or annual consolidated balance sheet of the Issuer and its Restricted Subsidiaries, prepared in conformity with GAAP and filed with the SEC or provided to the trustee pursuant to the “SEC Reports and Reports to Holders” covenant; and
- (2) any increase in Total Assets following the end of such quarter including, without limitation, any increase in Total Assets resulting from the application of the proceeds of any additional Indebtedness.

“Affiliate” means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Asset Acquisition” means:

- (1) an investment by the Issuer or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Issuer or any of its Restricted Subsidiaries; provided, however, that such Person’s primary business is related, ancillary, incidental or complementary to the businesses of the Issuer or any of its Restricted Subsidiaries on the date of such investment; or
- (2) an acquisition by the Issuer or any of its Restricted Subsidiaries from any other Person of assets that constitute substantially all of a division or line of business, or one or more healthcare properties, of such Person; provided, however, that the assets and properties acquired are related, ancillary, incidental or complementary to the businesses of the Issuer or any of its Restricted Subsidiaries on the date of such acquisition.

“Asset Disposition” means the sale or other disposition by the Issuer or any of its Restricted Subsidiaries, other than to the Issuer or another Restricted Subsidiary, of:

- (1) all or substantially all of the Capital Stock of any Restricted Subsidiary, or
- (2) all or substantially all of the assets that constitute a division or line of business, or one or more healthcare properties, of the Issuer or any of its Restricted Subsidiaries.

“Asset Sale” means any sale, transfer or other disposition, including by way of merger, consolidation or sale-leaseback transaction, in one transaction or a series of related transactions by the Issuer or any of its Restricted Subsidiaries to any Person other than the Issuer or any of its Restricted Subsidiaries of:

- (1) all or any of the Capital Stock of any Restricted Subsidiary,
- (2) all or substantially all of the property and assets of an operating unit or business of the Issuer or any of its Restricted Subsidiaries, or
- (3) any other property and assets of the Issuer or any of its Restricted Subsidiaries outside the ordinary course of business of the Issuer or such Restricted Subsidiary and, in each case, that is not governed by the provisions of the indenture applicable to mergers, consolidations and sales of assets of the Issuer;

provided, however, that “Asset Sale” shall not include:

sales or other dispositions of inventory, receivables and other current assets,

the sale, conveyance, transfer, lease, disposition or other transfer of all or substantially all of the assets of the Issuer as permitted under “Consolidation, Merger and Sale of Assets,”

any Restricted Payment permitted by the “Limitation on Restricted Payments” covenant or that constitutes a Permitted Investment,

sales, transfers or other dispositions of assets with a fair market value not in excess of \$15 million in any transaction or series of related transactions,

sales or other dispositions of assets for consideration at least equal to the fair market value of the assets sold or disposed of, to the extent that the consideration received would satisfy the second bullet of clause (1) of the second paragraph of the “Limitation on Asset Sales” covenant,

sales or other dispositions of Temporary Cash Investments,

the creation or realization of any Lien permitted under the indenture,

transfers of damaged, worn-out or obsolete equipment or assets that, in the Issuer’s reasonable judgment, are no longer used or useful in the business of the Issuer or its Restricted Subsidiaries, or

sales or other dispositions of any of the Closed Facilities as in existence on the Closing Date.

“Average Life” means at any date of determination with respect to any debt security, the quotient obtained by dividing:

(1) the sum of the products of:

the number of years from such date of determination to the dates of each successive scheduled principal payment of such debt security, and

the amount of such principal payment, by

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(2) the sum of all such principal payments.

“Board of Directors” means, as to any Person, the board of directors (or similar governing body) of such Person or any duly authorized committee thereof.

“Board Resolution” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the trustee.

“Business Day” means a day other than a Saturday, Sunday or other day on which banking institutions in New York or Maryland are authorized or required by law to close.

“Capital Markets Transaction” means the issuance or sale by the Issuer or any Subsidiary of the Issuer of any of its debt securities (other than commercial paper, intercompany notes and notes issued under loans and other credit facilities with banks and other financial institutions and funds that engage in commercial lending in the ordinary course of their business) pursuant to (a) a public offering registered under the Securities Act or (b) a Rule 144A, Regulation S or Regulation D offering under the Securities Act.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting), including partnership interests, whether general or limited, in the equity of such Person, whether outstanding on the Closing Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

“Capitalized Lease” means, as applied to any Person, any lease of any property, whether real, personal or mixed, of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease as reflected on the balance sheet of such Person as determined in conformity with GAAP.

“Change of Control” means the occurrence of one or more of the following events:

- (1) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Issuer to any “person” or “group” (as such terms are defined in Sections 13(d) and 14(d)(2) of the Exchange Act), together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of the indenture);
- (2) a “person” or “group” (as such terms are defined in Sections 13(d) and 14(d)(2) of the Exchange Act), becomes the ultimate “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power of the Voting Stock of the Issuer on a fully diluted basis;
- (3) the approval by the holders of Capital Stock of the Issuer of any plan or proposal for the liquidation or dissolution of the Issuer (whether or not otherwise in compliance with the provisions of the indenture); or
- (4) individuals who on the Closing Date constitute the Board of Directors (together with any new or replacement directors whose election by the Board of Directors or whose nomination by the Board of Directors for election by the Issuer’s shareholders was approved by a vote of at least a majority of the members of the Board of Directors then still in office who either were members of the Board of Directors on the Closing Date or whose election or nomination for election was so approved) cease for any reason to constitute a majority of the members of the

Board of Directors then in office.

“Closed Facilities” means the Jewett City Facility (aka Griswold Facility), SNF, 97 Preston Road, Griswold, CT 06351; the West Hartford Facility (aka Bishops Corner Facility), SNF, 2432 Albany Avenue, West Hartford CT 06117; the New Haven Facility (aka University Facility), SNF, 915 Ella Grasso Boulevard, New Haven, CT 06519; the Rocky Hill Facility, SNF, 60 West Street, Rocky Hill, CT 06067; the Soundview Facility, SNF, 1 Care Lane, West Haven, CT, 06516; the Waters of Irvington Facility, SNF, 344 South River Avenue, Indianapolis, IN 46219; and the Seminole Pioneer Nursing Home Facility, SNF, 1705 Boren Street, Seminole, OK 74868.

“Closing Date” means March 19, 2012.

“Code” means the Internal Revenue Code of 1986, as amended.

“Common Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) that have no preference on liquidation or with respect to distributions over any other class of Capital Stock, including partnership interests, whether general or limited, of such Person’s equity, whether outstanding on the Closing Date or issued thereafter, including, without limitation, all series and classes of common stock.

“Consolidated EBITDA” means, for any period, Adjusted Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Adjusted Consolidated Net Income (without duplication):

- (1) Consolidated Interest Expense,
- (2) income taxes (other than income taxes (either positive or negative) attributable to extraordinary and non-recurring gains or losses or sales of assets),
- (3) depreciation expense,
- (4) amortization expense,
- (5) non-cash charges resulting from the write-down of the value of accounts receivable and/or notes receivable in an aggregate amount from January 1, 2011 not in excess of \$20 million, and
- (6) all other non-cash items reducing Adjusted Consolidated Net Income (other than items that will require cash payments and for which an accrual or reserve is, or is required by GAAP to be, made), less all non-cash items increasing Adjusted Consolidated Net Income, all as determined on a consolidated basis for the Issuer and its Restricted Subsidiaries in conformity with GAAP; provided, however, that, if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not already reduced in Adjusted Consolidated Net Income or otherwise reduced in accordance with GAAP) by an amount equal to:

the amount of the Adjusted Consolidated Net Income attributable to such Restricted Subsidiary multiplied by

the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Issuer or any of its Restricted Subsidiaries.

“Consolidated Interest Expense” means, for any period, the aggregate amount of interest expense in respect of Indebtedness of the Issuer and the Restricted Subsidiaries during such period, all as determined on a consolidated basis in conformity with GAAP including, without limitation (without duplication):

amortization of debt issuance costs, debt discount or premium and other financing fees and expenses;

the interest portion of any deferred payment obligations;

all commissions, discounts and other fees and expenses owed with respect to letters of credit and bankers' acceptance financing;

the net costs associated with Interest Rate Agreements and Indebtedness that is Guaranteed or secured by assets of the Issuer or any of its Restricted Subsidiaries; and

all but the principal component of rentals in respect of Capitalized Lease Obligations paid, accrued or scheduled to be paid or to be accrued by the Issuer and its Restricted Subsidiaries;

excluding, to the extent included in interest expense above, the amount of such interest expense of any Restricted Subsidiary if the net income of such Restricted Subsidiary is excluded in the calculation of Adjusted Consolidated Net Income pursuant to clause (2) of the definition thereof (but only in the same proportion as the net income of such Restricted Subsidiary is excluded from the calculation of Adjusted Consolidated Net Income pursuant to clause (2) of the definition thereof), as determined on a consolidated basis (without taking into account Unrestricted Subsidiaries) in conformity with GAAP.

“Currency Agreement” means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is:

- (1) required to be redeemed prior to the Stated Maturity of the notes,
- (2) redeemable at the option of the holder of such class or series of Capital Stock, at any time prior to the Stated Maturity of the notes, or
- (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the notes;

provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in “Limitation on Asset Sales” and “Repurchase of Notes upon a Change of Control” covenants described below and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provisions prior to the Issuer's repurchase of the notes as are required to be repurchased pursuant to the “Limitation on Asset Sales” and “Repurchase of Notes upon a Change of Control” covenants described below.

“Equity Offering” means a public or private offering of Capital Stock (other than Disqualified Stock) of the Issuer.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“Existing Note Indentures” means the indenture governing the Issuer’s 7.50% Senior Notes due 2020 and the indenture governing the Issuer’s 6.75% Senior Notes due 2022 (each an “Existing Note Indenture”), as each such Existing Note Indenture may be supplemented from time to time.

“fair market value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors of the Issuer, whose determination shall be conclusive if evidenced by a Board Resolution.

“Funds From Operations” for any period means the consolidated net income of the Issuer and its Restricted Subsidiaries for such period determined in conformity with GAAP after adjustments for unconsolidated partnerships and joint ventures, plus depreciation of real property (including furniture and equipment) and other real estate assets and excluding (to the extent such amount was deducted in calculating such consolidated net income):

- (1) gains or losses from (a) the restructuring or refinancing of Indebtedness or (b) sales of properties;
- (2) non-cash asset impairment charges;
- (3) cash litigation charges incurred in an amount not to exceed \$20 million;
- (4) non-cash charges associated with the write-down of the value of accounts and/or notes receivable in an amount not to exceed \$20 million;
- (5) non-cash charges related to redemptions of Preferred Stock of the Issuer;
- (6) the write-off of financing costs in connection with the restructuring or refinancing of Indebtedness; and
- (7) any other non-cash charges associated with the sale or settlement of any Interest Rate Agreement or other hedging or derivative instruments.

“GAAP” means generally accepted accounting principles in the United States of America as in effect as of January 1, 2012, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession. Except as otherwise specifically provided in the indenture, all ratios and computations contained or referred to in the indenture shall be computed in conformity with GAAP applied on a consistent basis.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services (unless such purchase arrangements are on arm’s-length terms and are entered into in the ordinary course of business), to take-or-pay, or to maintain financial statement conditions or otherwise); or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Incur” means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness, including an “Incurrence” of Acquired Indebtedness; provided, however, that neither the accrual of interest nor the accretion of original issue discount shall be considered an Incurrence of Indebtedness.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) the face amount of letters of credit or other similar instruments (excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (1) or (2) above or (5), (6) or (7) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement);
- (4) all unconditional obligations of such Person to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services, except Trade Payables;
- (5) all Capitalized Lease Obligations;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at that date of determination and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person; and
- (8) to the extent not otherwise included in this definition or the definition of Consolidated Interest Expense, obligations under Currency Agreements and Interest Rate Agreements.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations of the type described above and, with respect to obligations under any Guarantee, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided, however, that:

the amount outstanding at any time of any Indebtedness issued with original issue discount shall be deemed to be the face amount with respect to such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at the date of determination in conformity with GAAP, and

Indebtedness shall not include any liability for federal state, local or other taxes.

“Interest Coverage Ratio” means, on any Transaction Date, the ratio of:

the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which reports have been filed with the SEC or provided to the trustee pursuant to the “SEC Reports and Reports to Holders” covenant (“Four Quarter Period”) to

the aggregate Consolidated Interest Expense during such Four Quarter Period.

In making the foregoing calculation,

- (1) pro forma effect shall be given to any Indebtedness Incurred or repaid (other than in connection with an Asset Acquisition or Asset Disposition) during the period (“Reference Period”) commencing on the first day of the Four Quarter Period and ending on the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement), in each case as if such Indebtedness had been Incurred or repaid on the first day of such Reference Period;
- (2) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (3) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions and Permitted Mortgage Investments (including giving pro forma effect to the application of proceeds of any Asset Disposition and any Indebtedness Incurred or repaid in connection with any such Asset Acquisitions or Asset Dispositions) that occur during such Reference Period but subsequent to the end of the related Four Quarter Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (4) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to (i) the application of proceeds of any asset disposition and any Indebtedness Incurred or repaid in connection with any such asset acquisitions or asset dispositions and (ii) expense and cost reductions calculated on a basis consistent with Regulation S-X under the Exchange Act) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Issuer or any of its Restricted Subsidiaries during such Reference Period but subsequent to the end of the related Four Quarter Period and that would have constituted asset dispositions or asset acquisitions during such Reference Period but subsequent to the end of the related Four Quarter Period had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions and had occurred on the first day of such Reference Period;

provided, however, that to the extent that clause (3) or (4) of this paragraph requires that pro forma effect be given to an Asset Acquisition or Asset Disposition or asset acquisition or asset disposition, as the case may be, such pro forma calculation shall be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business, or one or more healthcare properties, of the Person that is acquired or disposed of to the extent that such financial information is available.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement with respect to interest rates.

“Investment” in any Person means any direct or indirect advance, loan or other extension of credit (including without limitation by way of Guarantee or similar arrangement, but excluding advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries) or capital contribution to (by means of any transfer of cash or other property (tangible or intangible) to others or any payment for property or services solely for the account or use of others, or otherwise), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person and shall include:

- (1) the designation of a Restricted Subsidiary as an Unrestricted Subsidiary; and

- (2) the fair market value of the Capital Stock (or any other Investment), held by the Issuer or any of its Restricted Subsidiaries of (or in) any Person that has ceased to be a Restricted Subsidiary;

provided, however, that the fair market value of the Investment remaining in any Person that has ceased to be a Restricted Subsidiary shall be deemed not to exceed the aggregate amount of Investments previously made in such Person valued at the time such Investments were made, less the net reduction of such Investments. For purposes of the definition of “Unrestricted Subsidiary” and the “Limitation on Restricted Payments” covenant described below:

“Investment” shall include the fair market value of the assets (net of liabilities (other than liabilities to the Issuer or any of its Restricted Subsidiaries)) of any Restricted Subsidiary at the time such Restricted Subsidiary is designated an Unrestricted Subsidiary;

the fair market value of the assets (net of liabilities (other than liabilities to the Issuer or any of its Restricted Subsidiaries)) of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary shall be considered a reduction in outstanding Investments; and

any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer.

“Investment Grade Status” means, with respect to the Issuer, when the notes have either (1) a rating of “Baa3” or higher from Moody’s or (2) a rating of “BBB-” or higher from S&P (or, if either such agency ceases to rate the notes for reasons outside the control of the Issuer, the equivalent investment grade credit rating from any other “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency), in each case published by the applicable agency with no negative outlook.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to give any security interest).

“Line of Credit” means the Credit Agreement dated as of August 16, 2011, by and among the Issuer, as borrower, the Restricted Subsidiaries of the Issuer now or hereafter party thereto as guarantors, the lenders party thereto in their capacities as lenders thereunder and Bank of America, N.A., as administrative agent, together with the related documents thereto (including, without limitation, any guarantee agreements and, to the extent applicable, security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including one or more credit agreements, loan agreements, indentures or similar agreements extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Restricted Subsidiaries of the Issuer as additional borrowers or guarantors thereunder), and all or any portion of the Indebtedness under such agreement or agreements or any successor or replacement agreement or agreements and whether by the same or any other agent, lender or group of lenders, and whether secured or unsecured.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments (except to the extent such obligations are financed or sold with recourse to the Issuer or any of its Restricted

Subsidiaries) and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale,

provisions for all taxes actually paid or payable as a result of such Asset Sale by the Issuer and its Restricted Subsidiaries, taken as a whole,

payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such sale,

amounts reserved by the Issuer and its Restricted Subsidiaries against any liabilities associated with such Asset Sale, including without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined on a consolidated basis in conformity with GAAP,

payments of retained liabilities (not constituting Indebtedness) relating to the assets sold at the time of, or within 30 days after, the date of such Asset Sale, and

(2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments (except to the extent such obligations are financed or sold with recourse to the Issuer or any of its Restricted Subsidiaries) and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of tax paid or payable as a result thereof.

“Offer to Purchase” means an offer to purchase notes by the Issuer from the holders commenced by mailing a notice to the trustee and each holder stating:

- (1) the covenant pursuant to which the offer is being made and that all notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Payment Date”);
- (3) that any note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer defaults in the payment of the purchase price, any note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Payment Date;
- (5) that holders electing to have a note purchased pursuant to the Offer to Purchase will be required to surrender the note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Payment Date;
- (6) that holders will be entitled to withdraw their election if the Payment Agent receives, not later than the close of business on the third Business Day immediately preceding the Payment Date, a telegram, facsimile transmission or letter setting forth the name of such holder, the principal amount of notes delivered for purchase and a statement that such holder is withdrawing his election to have such notes purchased; and

(7) that holders whose notes are being purchased only in part will be issued new notes equal in principal amount to the unpurchased portion of the notes surrendered; provided, however, that each note purchased and each new note issued shall be in a principal amount of \$2,000 or integral multiples of \$1,000 in excess thereof.

On the Payment Date, the Issuer shall

accept for payment on a pro rata basis notes or portions thereof tendered pursuant to an Offer to Purchase; and

deposit with the Paying Agent money sufficient to pay the purchase price of all notes or portions thereof so accepted; and

shall promptly thereafter deliver, or cause to be delivered, to the trustee all notes or portions thereof so accepted together with an Officers' Certificate specifying the notes or portions thereof accepted for payment by the Issuer.

The Paying Agent shall promptly mail to the holders of notes so accepted payment in an amount equal to the purchase price, and the trustee shall promptly authenticate and mail to such holders a new note equal in principal amount to any unpurchased portion of any note surrendered; provided, however, that each note purchased and each new note issued shall be in a principal amount of \$2,000 or integral multiples of \$1,000 in excess thereof. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Payment Date. The Issuer will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer is required to repurchase notes pursuant to an Offer to Purchase.

"Pari Passu Indebtedness" means any Indebtedness of the Issuer or any Subsidiary Guarantor that ranks pari passu in right of payment with the notes or the Guarantee thereof by such Subsidiary Guarantor, as applicable.

"Permitted Investment" means:

(1) an Investment in the Issuer or any of its Restricted Subsidiaries or a Person that will, upon the making of such Investment, become a Restricted Subsidiary or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Issuer or any of its Restricted Subsidiaries; provided, however, that such person's primary business is related, ancillary, incidental or complementary to the businesses of the Issuer or any of its Restricted Subsidiaries on the date of such Investment;

(2) investments in cash and Temporary Cash Investments;

(3) Investments made by the Issuer or its Restricted Subsidiaries as a result of consideration received in connection with an Asset Sale made in compliance with the "Limitation on Asset Sales" covenant;

(4) Investments represented by Guarantees that are otherwise permitted under the indenture;

(5) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(6) stock, obligations or securities received in satisfaction of judgments;

(7) Permitted Mortgage Investments; and

(8) additional Investments not to exceed \$75 million at any time outstanding.

“Permitted Mortgage Investment” means any Investment in secured notes, mortgage, deeds of trust, collateralized mortgage obligations, commercial mortgage-backed securities, other secured debt securities, secured debt derivative or other secured debt instruments, so long as such investment relates directly or indirectly to real property that constitutes or is used as a skilled nursing home center, hospital, assisted living facility or other property customarily constituting an asset of a real estate investment trust specializing in healthcare or senior housing property.

“Preferred Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) that have a preference on liquidation or with respect to distributions over any other class of Capital Stock, including preferred partnership interests, whether general or limited, or such Person’s preferred or preference stock, whether outstanding on the Closing Date or issued thereafter, including, without limitation, all series and classes of such preferred or preference stock.

“Restricted Subsidiary” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

“S&P” means Standard & Poor’s Ratings Services and its successors.

“Secured Indebtedness” means any Indebtedness secured by a Lien upon the property of the Issuer or any of its Restricted Subsidiaries.

“Significant Subsidiary,” with respect to any Person, means any restricted subsidiary of such Person that satisfies the criteria for a “significant subsidiary” set forth in Rule 1.02(w) of Regulation S-X under the Exchange Act.

“Stated Maturity” means:

- (1) with respect to any debt security, the date specified in such debt security as the fixed date on which the final installment of principal of such debt security is due and payable; and
- (2) with respect to any scheduled installment of principal of or interest on any debt security, the date specified in such debt security as the fixed date on which such installment is due and payable.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and the accounts of which would be consolidated with those of such Person in its consolidated financial statements in accordance with GAAP, if such statements were prepared as of such date.

“Subsidiary Debt” means all unsecured Indebtedness of which a Restricted Subsidiary is the primary obligor.

“Subsidiary Guarantee” means a Guarantee by each Subsidiary Guarantor for payment of the notes by such Subsidiary Guarantor. The Subsidiary Guarantee will be an unsecured senior obligation of each Subsidiary Guarantor and will be unconditional regardless of the enforceability of the notes and the indenture. Notwithstanding the foregoing, each Subsidiary Guarantee by a Subsidiary Guarantor shall provide by its terms that it shall be automatically and unconditionally released and discharged upon any sale, exchange or transfer, to any Person not an Affiliate of the Issuer, of all of the Capital Stock owned by the Issuer and its Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not then prohibited by the indenture).

“Subsidiary Guarantors” means (i) each Restricted Subsidiary of the Issuer on the Closing Date and (ii) each other Person that is required to become a Guarantor by the terms of the Indenture after the Closing Date, in each case, until such Person is released from its Subsidiary Guarantee.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America or any agency thereof;
- (2) time deposits accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of \$250 million and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money-market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Issuer) organized and in existence under the laws of the United States of America, any state of the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P; and
- (5) securities with maturities of six months or less from the date of acquisition issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or Moody’s.

“Total Assets” means the sum (without duplication) of:

- (1) Undepreciated Real Estate Assets; and
- (2) all other assets (excluding intangibles and accounts receivable) of the Issuer and its Restricted Subsidiaries on a consolidated basis determined in conformity with GAAP.

“Total Unencumbered Assets” as of any date means the sum of:

- (1) those Undepreciated Real Estate Assets not securing any portion of Secured Indebtedness; and
- (2) all other assets (but excluding intangibles and accounts receivable) of the Issuer and its Restricted Subsidiaries not securing any portion of Secured Indebtedness determined on a consolidated basis in conformity with GAAP.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness by the Issuer or any of its Restricted Subsidiaries, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Undepreciated Real Estate Assets” means, as of any date, the cost (being the original cost to the Issuer or any of its Restricted Subsidiaries plus capital improvements) of real estate assets of the Issuer and its Restricted Subsidiaries on such date, before depreciation and amortization of such real estate assets, determined on a consolidated basis in

conformity with GAAP.

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“Unrestricted Subsidiary” means

(1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Issuer in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

Except during a Suspension Period, the Board of Directors of the Issuer may designate any Subsidiary (including any newly acquired or newly formed Subsidiary of the Issuer) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Issuer or any of its Restricted Subsidiaries; provided, however, that:

any Guarantee by the Issuer or any of its Restricted Subsidiaries of any Indebtedness of the Subsidiary being so designated shall be deemed an “Incurrence” of such Indebtedness and an “Investment” by the Issuer or such Restricted Subsidiary (or all, if applicable) at the time of such designation;

either (i) the Subsidiary to be so designated has total assets of \$1,000 or less or (ii) if such Subsidiary has assets greater than \$1,000, such designation would be permitted under the “Limitation on Restricted Payments” covenant described below; and

if applicable, the Incurrence of Indebtedness and the Investment referred to in the first bullet of this proviso would be permitted under the “Limitation on Indebtedness” and “Limitation on Restricted Payments” covenants described below.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that:

no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such designation; and

all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately after such designation would, if Incurred at such time, have been permitted to be Incurred (and shall be deemed to have been Incurred) for all purposes of the indenture.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the trustee by promptly filing with the trustee a copy of the Board Resolution giving effect to such designation and an officers’ certificate certifying that such designation complied with the foregoing provisions.

“Unsecured Indebtedness” means any Indebtedness of the Issuer or any of its Restricted Subsidiaries that is not Secured Indebtedness.

“U.S. Government Obligations” means direct obligations of, obligations guaranteed by, or participations in pools consisting solely of obligations of or obligations guaranteed by, the United States of America for the payment of which obligations or guarantee the full faith and credit of the United States of America is pledged and that are not callable or redeemable at the option of the issuer thereof.

“Voting Stock” means with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by individuals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

Suspension of Covenants

During a Suspension Period, the Issuer and its Restricted Subsidiaries will not be subject to the following corresponding provisions of the indenture:

- “—Covenants—Limitation on Indebtedness”;
- “—Covenants—Maintenance of Total Unencumbered Assets”;
- “—Covenants—Limitation on Restricted Payments”;
- “—Covenants—Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries”;
- “—Covenants—Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- “—Covenants—Limitation on Transactions with Affiliates”;
- “—Covenants—Limitation on Asset Sales.”

All other provisions of the indenture will apply at all times during any Suspension Period so long as any notes remain outstanding thereunder.

“Suspension Period” means any period:

- (1) beginning on the date that:
 - (A) the notes have Investment Grade Status;
 - (B) no Default or Event of Default has occurred and is continuing; and
 - (C) the Issuer has delivered an officers’ certificate to the Trustee certifying that the conditions set forth in clauses (A) and (B) above are satisfied; and
- (2) ending on the date (the “Reversion Date”) that the notes cease to have Investment Grade Status.

On each Reversion Date, all Indebtedness incurred during the Suspension Period prior to such Reversion Date will be deemed to have been outstanding on the Closing Date.

For purposes of calculating the amount available to be made as Restricted Payments under clause (C) of the first paragraph of the “Limitation on Restricted Payments” covenant, calculations under that clause will be made with reference to the Transaction Date, as set forth in that clause. Accordingly, (x) Restricted Payments made during the Suspension Period not otherwise permitted pursuant to any of clauses (1) through (8) under the third paragraph under the “Limitation on Restricted Payments” covenant will reduce the amount available to be made as Restricted Payments under clause (C) of the first paragraph of such covenant; provided, however, that the amount available to be made as a Restricted Payment on the Transaction Date shall not be reduced to below zero solely as a result of such Restricted Payments, but may be reduced to below zero as a result of cumulative Funds from Operations for the purpose of the first bullet under clause (C) of the first paragraph of such covenant being a negative, and (y) the items specified in the first four bullets under clause (C) of the first paragraph of such covenant that occur during the Suspension Period will increase the amount available to be made as Restricted Payment under clause (C) of the first paragraph of such covenant. Any Restricted Payment made during the Suspension Period that are of the type described in the third paragraph of the “Limitation on Restricted Payments” covenant (other than the Restricted Payment referred to in clause (2) of the such third paragraph or an exchange of Capital Stock for Capital Stock or Indebtedness referred to in clause (3) or (4) of such third paragraph), and the Net Cash Proceeds from any issuance of Capital Stock referred to in clauses (3) and (4) of the third paragraph of the “Limitation on Restricted Payments” covenant shall be included in calculating the amounts permitted to be incurred under such clause (C) on each Reversion Date.

For purposes of the “Limitation on Asset Sales” covenant, on each Reversion Date, the unutilized Excess Proceeds will be reset to zero.

On the Closing Date, the Issuer has the option to institute a Suspension Period, during which many of the covenants in the indenture that will govern the notes will not be applicable. See “Risk Factors—Risk related to the Notes—We have the right to suspend many of the covenants under the indenture governing the notes during any period in which the notes are rated investment grade by either Moody’s or Standard & Poor’s.”

Covenants

The indenture contains, among others, the following covenants:

Limitation on Indebtedness

- (1) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness) if, immediately after giving effect to the Incurrence of such additional Indebtedness and the receipt and application of the proceeds therefrom, the aggregate principal amount of all outstanding Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis determined in conformity with GAAP is greater than 60% of Adjusted Total Assets.
- (2) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Subsidiary Debt or any Secured Indebtedness if, immediately after giving effect to the Incurrence of such additional Subsidiary Debt or Secured Indebtedness and the receipt and application of the proceeds therefrom, the aggregate principal amount of all outstanding Subsidiary Debt and Secured Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis determined in conformity with GAAP is greater than 40% of Adjusted Total Assets.
- (3) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness other than the notes issued on the Closing Date and other Indebtedness existing on the Closing Date; provided, however, that the Issuer or any of its Restricted Subsidiaries may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, the Interest Coverage Ratio of the Issuer and its Restricted Subsidiaries on a consolidated basis would be greater than 2.0 to 1; provided, further, however, that the maximum amount of Indebtedness that may be Incurred by Restricted Subsidiaries that are not Subsidiary Guarantors pursuant to this paragraph (3) (together with any refinancing or refunding thereof pursuant to clause (C) of paragraph (4) below) shall not exceed, immediately after giving effect to such Incurrence and the receipt and application of the proceeds therefrom, 15% of the Total Assets of the Issuer and its Restricted Subsidiaries on a consolidated basis (determined as of the date of the consolidated balance sheet of the Issuer and its Restricted Subsidiaries that shall have most recently been filed with the SEC or provided to the Trustee pursuant to the “SEC Reports and Reports to Holders” covenant and after giving effect to the application of the proceeds therefrom).
- (4) Notwithstanding paragraphs (1), (2) or (3) above, the Issuer or any of its Restricted Subsidiaries (except as specified below) may Incur each and all of the following:
 - (A) Indebtedness outstanding under the Line of Credit at any time in an aggregate principal amount not to exceed \$600 million;
 - (B) Indebtedness owed to:

the Issuer evidenced by an unsubordinated promissory note, or

any Restricted Subsidiary;

provided, however, that any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Issuer or any other Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (B);

(C) Indebtedness issued in exchange for, or the net proceeds of which are used to refinance or refund, outstanding Indebtedness (other than Indebtedness Incurred under clause (A), (B) or (D) of this paragraph (4)) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); provided, however, that Indebtedness the proceeds of which are used to refinance or refund the notes or Indebtedness that ranks equally with or subordinate in right of payment to, the notes shall only be permitted under this clause (C) if:

in case the notes are refinanced in part or the Indebtedness to be refinanced ranks equally with the notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, ranks equally with or is expressly made subordinate in right of payment to the remaining notes,

in case the Indebtedness to be refinanced is subordinated in right of payment to the notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the notes at least to the extent that the Indebtedness to be refinanced is subordinated to the notes, and

such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded;

provided further, however, that in no event may Indebtedness of the Issuer that ranks equally with or subordinate in right of payment to the notes be refinanced by means of any Indebtedness of any Restricted Subsidiary pursuant to this clause (C);

(D) Indebtedness:

in respect of performance, surety or appeal bonds provided in the ordinary course of business,

under Currency Agreements and Interest Rate Agreements; provided that such agreements (i) are designed solely to protect the Issuer or any of its Restricted Subsidiaries against fluctuations in foreign currency exchange rates or interest rates and (ii) do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in foreign currency exchange rates or interest rates or by reason of fees, indemnities and compensation payable thereunder, and

arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Issuer or any of its Restricted Subsidiaries pursuant to such agreements, in any case Incurred in connection with the disposition of any business, assets or Restricted Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition), in a principal amount not to exceed the gross proceeds actually received by the Issuer and its Restricted Subsidiaries on a consolidated basis in connection with such disposition;

(E) Indebtedness of the Issuer, to the extent the net proceeds thereof are promptly:

used to purchase notes tendered in an Offer to Purchase made as a result of a Change in Control, or

deposited to defease the notes as described below under “—Defeasance,” or

deposited to discharge the obligations under the notes and indenture as described below under “—Satisfaction and Discharge”;

- (F) Guarantees of the notes and Guarantees of Indebtedness of the Issuer by any of our Restricted Subsidiaries provided the guarantee of such Indebtedness is permitted by and made in accordance with the “Limitation on Issuances of Guarantees by Restricted Subsidiaries” covenant described below; or
 - (G) additional Indebtedness of the Issuer and its Restricted Subsidiaries not to exceed \$90 million in aggregate principal amount at any time outstanding.
- (5) Notwithstanding any other provision of this “Limitation on Indebtedness” covenant, the maximum amount of Indebtedness that the Issuer or any of its Restricted Subsidiaries may Incur pursuant to this “Limitation on Indebtedness” covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in the exchange rates of currencies.
- (6) For purposes of determining any particular amount of Indebtedness under this “Limitation on Indebtedness” covenant,

Indebtedness Incurred under the Line of Credit on or prior to the Closing Date shall be treated as Incurred pursuant to clause (A) of paragraph (4) of this “Limitation on Indebtedness” covenant, and

Guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of permitted Indebtedness described in clauses (A) through (G) of paragraph (4) above or is entitled to be incurred pursuant to paragraph (3) above, the Issuer shall, in its sole discretion, classify (and may later reclassify) such item of Indebtedness and may divide and classify such Indebtedness in more than one of the types of Indebtedness described, except that Indebtedness incurred under the Line of Credit on the Closing Date shall be deemed to have been incurred under clause (A) of paragraph (4) above.

Maintenance of Total Unencumbered Assets

The Issuer and its Restricted Subsidiaries will maintain Total Unencumbered Assets of not less than 150% of the aggregate outstanding principal amount of the Unsecured Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any distribution on or with respect to Capital Stock of the Issuer held by Persons other than the Issuer or any of its Restricted Subsidiaries, other than dividends or distributions payable solely in shares of its Capital Stock (other than Disqualified Stock) or in options, warrants or other rights to acquire shares of such Capital Stock;
- (2) purchase, redeem, retire or otherwise acquire for value any shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) of the Issuer;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness of the Issuer that is subordinated in right of payment to the notes or the Subsidiary Guaranties of the notes; or

(4) make an Investment, other than a Permitted Investment, in any Person (such payments or any other actions described in clauses (1) through (4) above being collectively “Restricted Payments”) if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) a Default or Event of Default shall have occurred and be continuing,

(B) the Issuer could not Incur at least \$1.00 of Indebtedness under paragraphs (1), (2) and (3) of the “Limitation on Indebtedness” covenant, or

(C) the aggregate amount of all Restricted Payments (the amount, if other than in cash, to be determined in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a Board Resolution) made after the Closing Date shall exceed the sum of:

95% of the aggregate amount of the Funds From Operations (or, if the Funds From Operations is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning January 1, 2012 and ending on the last day of the last fiscal quarter preceding the Transaction Date for which reports have been filed with the SEC or provided to the Trustee pursuant to the “SEC Reports and Reports to Holders” covenant, plus

100% of the aggregate Net Cash Proceeds received by the Issuer after the Closing Date from the issuance and sale permitted by the indenture of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Issuer, including from an issuance or sale permitted by the indenture of Indebtedness of the Issuer for cash subsequent to the Closing Date upon the conversion of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Issuer, or from the issuance to a Person who is not a Subsidiary of the Issuer of any options, warrants or other rights to acquire Capital Stock of the Issuer (in each case, exclusive of any Disqualified Stock or any options, warrants or other rights that are redeemable at the option of the holder, or are required to be redeemed, prior to the Stated Maturity of the notes), plus

an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) in any Person after the Closing Date resulting from payments of interest on Indebtedness, dividends, repayments of loans or advances, or other transfers of assets, in each case to the Issuer or any of its Restricted Subsidiaries or from the Net Cash Proceeds from the sale of any such Investment (except, in each case, to the extent any such payment or proceeds are included in the calculation of Funds From Operations) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of “Investments”) not to exceed, in each case, the amount of Investments previously made by the Issuer and its Restricted Subsidiaries in such Person or Unrestricted Subsidiary, plus

the fair market value of noncash tangible assets or Capital Stock acquired in exchange for an issuance of Capital Stock (other than Disqualified Stock or Capital Stock issued in exchange for Capital Stock of the Issuer pursuant to clauses (3) or (4) of the second succeeding paragraph) of the Issuer subsequent to the Closing Date, plus

\$500 million.

Notwithstanding the foregoing, the Issuer may declare or pay any dividend or make any distribution that is necessary to maintain the Issuer's status as a REIT under the Code if:

the aggregate principal amount of all outstanding Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis at such time is less than 60% of Adjusted Total Assets; and

no Default or Event of Default shall have occurred and be continuing.

The foregoing provisions shall not be violated by reason of:

- (1) the payment of any dividend within 60 days after the date of declaration thereof if, at said date of declaration, such payment would comply with the foregoing paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Indebtedness that is subordinated in right of payment to the notes including premium, if any, and accrued and unpaid interest, with the proceeds of, or in exchange for, Indebtedness Incurred under clause (C) of paragraph (4) of the "Limitation on Indebtedness" covenant;
- (3) the repurchase, redemption or other acquisition of Capital Stock of the Issuer or an Unrestricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the proceeds of an issuance of, shares of Capital Stock (other than Disqualified Stock) of the Issuer (or options, warrants or other rights to acquire such Capital Stock) within 90 days of such repurchase, redemption or other acquisition;
- (4) the making of any principal payment on, or the repurchase, redemption, retirement, defeasance or other acquisition for value of, Indebtedness of the Issuer which is subordinated in right of payment to the notes in exchange for, or out of the proceeds of, an issuance of, shares of the Capital Stock (other than Disqualified Stock) of the Issuer (or options, warrants or other rights to acquire such Capital Stock) within 90 days of such principal payment, repurchase, redemption, retirement, defeasance or other acquisition;
- (5) payments or distributions, to dissenting stockholders pursuant to applicable law pursuant to or in connection with a consolidation, merger or transfer of assets that complies with the provisions of the indenture applicable to mergers, consolidations and transfers of all or substantially all of the property and assets of the Issuer;
- (6) the payment of regularly scheduled cash dividends on shares of cumulative preferred stock of the Issuer now or hereafter outstanding from time to time in an amount not to exceed \$20 million per calendar year;
- (7) the repurchase, redemption or other acquisition or retirement for value of any shares of Capital Stock of the Issuer held by any member of the Issuer's (or any of the Restricted Subsidiaries') management or other employees pursuant to (A) any management or employee equity subscription agreement, stock option agreement or similar agreement in an aggregate amount not to exceed \$1 million in the aggregate in any 12-month period or (B) the terms of any employee stock option plan of the Issuer for the purpose of paying employee withholding taxes with respect to such shares; or
- (8) additional Restricted Payments in an aggregate amount not to exceed \$50 million;

provided, however, that, except in the case of clauses (1) and (3), no Default or Event of Default shall have occurred and be continuing or occur as a direct consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to the immediately preceding paragraph (other than the Restricted Payment referred to in clause (2) of the immediately preceding paragraph or an exchange of Capital Stock for Capital Stock or Indebtedness referred to in clause (3) or (4) of the immediately preceding paragraph), and the Net Cash Proceeds from any issuance of Capital Stock referred to in clauses (3) and (4) of the immediately preceding paragraph, shall be included in calculating whether the conditions of clause (C) of the first paragraph of this “Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

pay dividends or make any other distributions permitted by applicable law on any Capital Stock of such Restricted Subsidiary owned by the Issuer or any of its Restricted Subsidiaries,

pay any Indebtedness owed to the Issuer or any other Restricted Subsidiary,

make loans or advances to the Issuer or any other Restricted Subsidiary, or

transfer its property or assets to the Issuer or any other Restricted Subsidiary. The foregoing provisions shall not restrict any encumbrances or restrictions:

(1) existing on the Closing Date in the indenture, the Line of Credit and any other agreement in effect on the Closing Date as in effect on the Closing Date, and any extensions, refinancings, renewals or replacements of such agreements; provided, however, that the encumbrances and restrictions in any such extensions, refinancings, renewals or replacements are no less favorable in any material respect to the holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(2) existing under or by reason of applicable law;

(3) existing with respect to any Person or the property or assets of such Person acquired by the Issuer or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired;

(4) in the case of the last bullet in the first paragraph of this “Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries” covenant:

that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset,

existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Issuer or any Restricted Subsidiary not otherwise prohibited by the indenture, or

arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer and its Restricted Subsidiaries taken as a whole;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary;

(6) contained in the terms of any Indebtedness or any agreement pursuant to which such Indebtedness was issued if:

the encumbrance or restriction applies only in the event of a payment default or a default with respect to a financial covenant contained in such Indebtedness or agreement,

the encumbrance or restriction is not materially more disadvantageous to the holders of the notes than is customary in comparable financings (as determined by the good faith judgment of the Board of Directors of the Issuer), and

the Board of Directors of the Issuer, in its good faith, determines that an such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the notes; or

(7) restrictions on the transfer of assets subject to any Lien permitted under the indenture imposed by the holder of such Lien.

Nothing contained in this "Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" covenant shall prevent the Issuer or any Restricted Subsidiary from restricting the sale or other disposition of property or assets of the Issuer or any of its Restricted Subsidiaries that secure Indebtedness of the Issuer or any of its Restricted Subsidiaries.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Issuer will not permit any of its Restricted Subsidiaries, directly or indirectly, to Guarantee any Indebtedness of the Issuer or a Subsidiary Guarantor which ranks equally with or subordinate in right of payment to the notes (or the applicable Subsidiary Guarantee) ("Guaranteed Indebtedness"), unless:

- (1) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the indenture providing for a Subsidiary Guarantee by such Restricted Subsidiary; and
- (2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee;

provided, however, that this paragraph shall not be applicable to any Guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not Incurred in connection with, or in contemplation of, such person becoming a Restricted Subsidiary. If the Guaranteed Indebtedness:

ranks equally with the notes, then the Guarantee of such Guaranteed Indebtedness shall rank equally with, or subordinate to, the Subsidiary Guarantee; or

is subordinate to the notes, then the Guarantee of such Guaranteed Indebtedness shall be subordinated to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the notes.

Any Subsidiary Guarantee by a Restricted Subsidiary may provide by its terms that it shall be automatically and unconditionally released and discharged upon:

- (1) any sale, exchange or transfer, to any Person not an Affiliate of the Issuer of all of Capital Stock held by the Issuer and its Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by the indenture), or
- (2) the release or discharge of the Guarantee which resulted in the creation of such Subsidiary Guarantee, except a discharge or release by or as a result of payment under such Guarantee.

Limitation on Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into, renew or extend any transaction (including, without limitations, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with any holder (or any Affiliate of such holder) of 5% or more of any class of Capital Stock of the Issuer or with any Affiliate of the Issuer or any of its Restricted Subsidiaries, except upon fair and reasonable terms no less favorable to the Issuer or such Restricted Subsidiary than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arm's length transaction with a Person that is not such a holder or an Affiliate.

The foregoing limitation does not limit, and shall not apply to:

- (1) transactions (A) approved by a majority of the independent directors of the Board of Directors of the Issuer or (B) for which the Issuer or any Restricted Subsidiary delivers to the trustee a written opinion of a nationally recognized investment banking firm stating that the transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view;
- (2) any transaction solely between the Issuer and any of its Wholly Owned Restricted Subsidiaries or solely between Wholly Owned Restricted Subsidiaries;
- (3) the payment of reasonable and customary fees and expenses to directors of the Issuer who are not employees of the Issuer;
- (4) any Restricted Payments not prohibited by the "Limitation on Restricted Payments" covenant;
- (5) any employment agreement entered into by the Issuer or any Restricted Subsidiary with an employee of the Issuer or such Restricted Subsidiary in the ordinary course consistent with past practice; or
- (6) advances to employees of the Issuer or any Restricted Subsidiary for reasonable moving and relocation, entertainment and travel expenses and similar expenses in the ordinary course of business and consistent with past practice.

Notwithstanding the foregoing, any transaction or series of related transactions covered by the first paragraph of this "Limitation on Transactions with Affiliates" covenant and not covered by (2) through (6) of the immediately foregoing paragraph:

the aggregate amount of which exceeds \$10 million in value must be approved or determined to be fair in the manner provided for in clause (1)(A) or (B) above; and

the aggregate amount of which exceeds \$20 million in value, must be determined to be fair in the manner provided for in clause (1)(B) above.

Limitation on Asset Sales

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate any Asset Sale, unless:

- (1) the consideration received by the Issuer or such Restricted Subsidiary is at least equal to the fair market value of the assets sold or disposed of; and

(2) at least 75% of the consideration received consists of cash or Temporary Cash Investments; provided, however, with respect to the sale of one or more healthcare properties that (A) up to 75% of the consideration may consist of indebtedness of the purchaser of such healthcare properties so long as such Indebtedness is secured by a first priority Lien on the healthcare property or properties sold and (B) up to 66 2/3 % of the consideration may consist of indebtedness of the purchaser of such healthcare properties so long as such indebtedness is secured by a second priority Lien on the healthcare property or properties sold and such indebtedness together with all other indebtedness received pursuant to this clause (B) does not exceed \$15 million in aggregate principal amount at any time outstanding.

In the event and to the extent that the Net Cash Proceeds received by the Issuer or such Restricted Subsidiary from one or more Asset Sales occurring on or after the Closing Date in any period of 12 consecutive months exceed 5% of Adjusted Consolidated Net Tangible Assets (determined as of the date closest to the commencement of such 12-month period for which a consolidated balance sheet of the Issuer and its Restricted Subsidiaries has been filed with the SEC or provided to the Trustee pursuant to the “SEC Reports and Reports to Holders” covenant), then the Issuer shall or shall cause the relevant Restricted Subsidiary to:

(1) within 12 months after the date Net Cash Proceeds so received exceed 5% of Adjusted Consolidated Net Tangible Assets:

apply an amount equal to such excess Net Cash Proceeds to permanently reduce Indebtedness under (y) the Line of Credit or (z) non-revolving Pari Passu Indebtedness not Incurred in connection with a Capital Markets Transaction; provided that the aggregate amount of such non-revolving Pari Passu Indebtedness so repaid shall not exceed \$200 million in aggregate principal amount over the life of the notes, or

invest an amount equal to such excess Net Cash Proceeds, or the amount not so applied pursuant to the foregoing bullet (or enter into a definitive agreement committing to so invest within six months after the date of such agreement), in property or assets (which may include Permitted Mortgage Investments) (other than current assets) of a nature or type or that are used in a business (or in a Restricted Subsidiary having property and assets of a nature or type, or engaged in a business) similar or related to the nature or type of the property and assets of, or the business of, the Issuer or any of its Restricted Subsidiaries existing on the date of such investment, and

(2) apply (no later than the end of the 12-month period referred to in clause (1)) such excess Net Cash Proceeds (to the extent not applied pursuant to clause (1)) as provided in the following paragraph of this “Limitation on Asset Sales” covenant.

The amount of such excess Net Cash Proceeds required to be applied (or to be committed to be applied) during such 12-month period as set forth in clause (1) of the preceding sentence and not applied as so required by the end of such period shall constitute “Excess Proceeds.” If, as of the first day of any calendar month, the aggregate amount of Excess Proceeds not previously subject to an Offer to Purchase pursuant to this “Limitation on Asset Sales” covenant totals at least \$15 million, the Issuer must commence, not later than the fifteenth Business Day of such month, and consummate an Offer to Purchase from the holders of the notes and, to the extent required by the terms of any Pari Passu Indebtedness, to all holders of such Pari Passu Indebtedness on a pro rata basis an aggregate principal amount of notes (and Pari Passu Indebtedness) equal to the Excess Proceeds on such date, at a purchase price equal to 100% of the principal amount of the notes (and Pari Passu Indebtedness), plus, in each case, accrued and unpaid interest (if any) to the Payment Date.

Repurchase of Notes upon a Change of Control

The Issuer must commence, within 30 days of the occurrence of a Change of Control, and consummate an Offer to Purchase for all notes then outstanding, at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest (if any) to the Payment Date.

There can be no assurance that the Issuer will have sufficient funds available at the time of any Change of Control to make any debt payment (including repurchases of notes) required by the foregoing covenant (as well as any covenant that may be contained in other securities of the Issuer that might be outstanding at the time). The above covenant requiring the Issuer to repurchase the notes will, unless consents are obtained, require the Issuer to repay all indebtedness then outstanding which by its terms would prohibit such note repurchase, either prior to or concurrently

with such note repurchase.

SEC Reports and Reports to Holders

Whether or not the Issuer is then required to file reports with the SEC, the Issuer shall file with the SEC all such reports and other information as it would be required to file with the SEC by Sections 13(a) or 15(d) under the Exchange Act if it was subject thereto; provided, however, that, if filing such documents by the Issuer with the SEC is not permitted under the Exchange Act, the Issuer shall provide such documents to the trustee and upon written request supply copies of such documents to any prospective holder. The Issuer shall supply the trustee and each holder or shall supply to the trustee for forwarding to each such holder, without cost to such holder, copies of such reports and other information.

Events of Default

Events of Default under the indenture include the following:

- (1) default in the payment of principal of, or premium, if any, on any note when they are due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any note when they are due and payable, and such default continues for a period of 30 days;
- (3) default in the performance or breach of the provisions of the indenture applicable to mergers, consolidations and transfers of all or substantially all of the assets of the Issuer or the failure by the Issuer to make or consummate an Offer to Purchase in accordance with the "Limitations on Asset Sales" or "Repurchase of Notes upon a Change of Control" covenants;
- (4) the Issuer defaults in the performance of or breaches any other covenant or agreement of the Issuer in the indenture or under the notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for the earlier of (i) 60 consecutive days and (ii) such shorter period specified for comparable defaults under any Existing Note Indenture (or under any indenture pursuant to which the Issuer or a Subsidiary Guarantor has issued any Indebtedness that refinances or refunds (x) the Indebtedness under such Existing Note Indenture or (y) such refinancing or refunding Indebtedness) after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the notes;
- (5) there occurs with respect to any issue or issues of Indebtedness of the Issuer or any Significant Subsidiary having an outstanding principal amount of \$20 million or more in the aggregate for all such issues of all such Persons, whether such Indebtedness now exists or shall hereafter be created,

an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and such Indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled within 30 days of such acceleration and/or

the failure to make a principal payment at the final (but not any interim) fixed maturity and such defaulted payment shall not have been made, waived or extended within 30 days of such payment default;

- (6) any final judgment or order (not covered by insurance) for the payment of money in excess of \$20 million in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self-insurance or retention as not covered by insurance):

shall be rendered against the Issuer or any Significant Subsidiary and shall not be paid or discharged, and

there shall be any period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed \$20 million during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(7) a court of competent jurisdiction enters a decree or order for:

relief in respect of the Issuer or any Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect,

appointment of a receiver, liquidator, assignee custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary or for all or substantially all of the property and assets of the Issuer or any Significant Subsidiary, or

the winding up or liquidation of the affairs of the Issuer or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(8) the Issuer or any Significant Subsidiary:

commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under such law,

consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or such Significant Subsidiary or for all or substantially all of the property and assets of the Issuer or such Significant Subsidiary, or

effects any general assignment for the benefit of its creditors.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above that occurs with respect to the Issuer) occurs and is continuing under the indenture, the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding, by written notice to the Issuer (and to the trustee if such notice is given by the holders), may, and the trustee at the request of the holders of at least 25% in aggregate principal amount of the notes then outstanding shall, declare the principal of, premium, if any, and accrued interest on the notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued interest shall be immediately due and payable. In the event of a declaration of acceleration because an Event of Default set forth in clause (5) above has occurred and is continuing, such declaration of acceleration shall be automatically rescinded and annulled if the event of default triggering such Event of Default pursuant to clause (5) shall be remedied or cured by the Issuer or the relevant Significant Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the declaration of acceleration with respect thereto.

If an Event or Default specified in clause (7) or (8) above occurs with respect to the Issuer, the principal of, premium, if any, and accrued interest on the notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder. The holders of at least a majority in principal amount of the outstanding notes by written notice to the Issuer and to the trustee, may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the notes that have become due solely by such declaration of acceleration, have been cured or waived, and

the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

As to the waiver of defaults, see “—Modification and Waiver” below.

The holders of at least a majority in aggregate principal amount of the outstanding notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee. However, the trustee may refuse to follow any direction that conflicts with law or the indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from holders of notes. A holder may not pursue any remedy with respect to the indenture or the notes unless:

- (1) the holder gives the trustee written notice of a continuing Event of Default;
- (2) the holders of at least 25% in aggregate principal amount of outstanding notes make a written request to the trustee to pursue the remedy;
- (3) such holder or holders offer the trustee indemnity satisfactory to the trustee against any costs, liability or expense;
- (4) the trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding notes do not give the trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any holder of a note to receive payment of the principal of, premium, if any, or interest on, such note or to bring suit for the enforcement of any such payment on or after the due date expressed in the notes, which right shall not be impaired or affected without the consent of the holder.

The indenture requires certain officers of the Issuer to certify, on or before a date not more than 90 days after the end of each fiscal year, that a review has been conducted of the activities of the Issuer and its Restricted Subsidiaries and of its performance under the indenture and that the Issuer has fulfilled all obligations thereunder, or, if there has been a default in fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Issuer will also be obligated to notify the trustee of any default or defaults in the performance of any covenants or agreements under the indenture.

Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with or merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to, any Person or permit any Person to merge with or into the Issuer unless:

- (1) the Issuer shall be the continuing Person, or the Person (if other than the Issuer) formed by such consolidation or into which the Issuer is merged or that acquired or leased such property and assets of the Issuer shall be a corporation organized and validly existing under the laws of the United States of America or any state or jurisdiction thereof and shall expressly assume, by a supplemental indenture, executed and delivered to the trustee, all of the obligations of the Issuer on the notes and under the indenture;
- (2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis the Issuer, or any Person becoming the successor obligor of the notes, as the case may be, could Incur at least \$1.00 of Indebtedness under paragraphs (1), (2) and (3) of the "Limitation on Indebtedness" covenant; provided, however, that this clause (3) shall not apply to a consolidation or merger with or into a Wholly Owned Restricted Subsidiary with a positive net worth; provided further, however, that, in connection with any such merger or consolidation, no consideration (other than Capital Stock (other than Disqualified Stock) in the surviving Person or the Issuer) shall be issued or distributed to the holders of Capital Stock of the Issuer; and

(4) the Issuer delivers to the trustee an officers' certificate (attaching the arithmetic computations to demonstrate compliance with clause (3) above) and an opinion of counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this covenant and that all conditions precedent provided for herein relating to such transaction have been complied with;

provided, however, that clause (3) above does not apply if, in the good faith determination of the Board of Directors of the Issuer, whose determination shall be evidenced by a Board Resolution, the principal purpose of such transaction is to change the state of domicile of the Issuer; provided further, however, that any such transaction shall not have as one of its purposes the evasion of the foregoing limitations.

Defeasance

The Issuer may, at its option and at any time, elect to have its obligations and the obligations of the Subsidiary Guarantors discharged with respect to the outstanding notes ("Legal Defeasance"). Legal Defeasance means that the Issuer and the Subsidiary Guarantors shall be deemed to have paid and discharged the entire indebtedness represented by the notes and the Subsidiary Guarantees, and the indenture shall cease to be of further effect as to all outstanding notes and Subsidiary Guarantees, except as to

(1) rights of holders to receive payments in respect of the principal of and interest on the notes when such payments are due from the trust funds referred to below,

(2) the Issuer's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes, and the maintenance of an office or agency for payment and money for security payments held in trust,

(3) the rights, powers, trust, duties, and immunities of the trustee, and the Issuer's obligation in connection therewith, and

(4) the Legal Defeasance provisions of the indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and the obligations if the Subsidiary Guarantors released with respect to most of the covenants under the indenture, except as described otherwise in the indenture ("Covenant Defeasance"), and thereafter any omission to comply with such obligations shall not constitute a Default. In the event Covenant Defeasance occurs, certain Events of Default (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) will no longer apply. Covenant Defeasance will not be effective until such bankruptcy, receivership, rehabilitation and insolvency events no longer apply. The Issuer may exercise its Legal Defeasance option regardless of whether it previously exercised Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the trustee, in trust, for the benefit of the holders, U.S. legal tender, U.S. Government Obligations or a combination thereof, in such amounts as will be sufficient (without reinvestment) in the opinion of a nationally recognized firm of independent public accountants selected by the Issuer, to pay the principal of and interest on the notes on the stated date for payment or on the redemption date of the notes,

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the trustee an opinion of counsel in the United States confirming that:

- (a) the Issuer has received from, or there has been published by the Internal Revenue Service, a ruling, or

(b) since the date of the indenture, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon this opinion of counsel shall confirm that, the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred,

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee confirming that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the Covenant Defeasance had not occurred,

(4) no Default shall have occurred and be continuing on the date of such deposit (other than a Default resulting from the borrowing of funds to be applied to such deposit),

(5) the Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a Default under the Indenture or a default under any other material agreement or instrument to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound (other than any such Default or default resulting solely from the borrowing of funds to be applied to such deposit),

(6) the Issuer shall have delivered to the trustee an officers' certificate stating that the deposit was not made by it with the intent of preferring the holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others, and

(7) the Issuer shall have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that the conditions provided for in, in the case of the officers' certificate, clauses (1) through (6) and, in the case of the opinion of counsel, clauses (2) and/or (3) and (5) of this paragraph have been complied with.

If the funds deposited with the trustee to effect Covenant Defeasance are insufficient to pay the principal of and interest on the notes when due, then our obligations and the obligations of the Subsidiary Guarantors under the indenture will be revived and no such defeasance will be deemed to have occurred.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the indenture) as to all outstanding notes when

(1) either:

(A) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the trustee for cancellation; or

(B) all notes not theretofore delivered to the trustee for cancellation (1) have become due and payable or (2) will become due and payable within one year, or are to be called for redemption within one year, under arrangements reasonably satisfactory to the trustee for the giving of notice of redemption by the trustee in the name, and at the expense, of the Issuer, and the Issuer has irrevocably deposited or caused to be deposited with the trustee funds in an

amount sufficient to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of maturity or redemption, as the case may be, together with irrevocable instructions from the Issuer directing the trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

- (2) the Issuer has paid all other sums payable under the indenture by the Issuer; and
- (3) the Issuer has delivered to the trustee an officers' certificate and an opinion of counsel stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

Modification and Waiver

Subject to certain limited exceptions, modifications and amendments of the indenture may be made by the Issuer and the trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding notes; provided, however, that no such modification or amendment may, without the consent of each holder affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any note,
- (2) reduce the principal amount of, or premium, if any, or interest on, any note,
- (3) change the place of payment of principal of, or premium, if any, or interest on, any note,