

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name <u>Ambulatory Services of America, Inc.</u>		2 Issuer's employer identification number (EIN) <u>26-1417156</u>	
3 Name of contact for additional information <u>Douglas B. Chappell</u>	4 Telephone No. of contact <u>615-250-1770</u>	5 Email address of contact <u>dchappell@asaambulatory.com</u>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <u>320 Seven Springs Way, Suite 220</u>		7 City, town, or post office, state, and Zip code of contact <u>Brentwood, TN 37027</u>	
8 Date of action <u>September 8, 2011</u>		9 Classification and description <u>Recapitalization and grant of investment rights</u>	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

Part II Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶

Please see attached statement.

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

Please see attached statement.

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

Please see attached statement.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
Please see attached statement.

18 Can any resulting loss be recognized? ▶
Please see attached statement.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
Please see attached statement.

AMBULATORY SERVICES OF AMERICA, INC.

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

Sign Here

Signature ▶

Douglas B. Chappell

Date ▶ January 17, 2012

Print your name ▶ Douglas B. Chappell

Title ▶ EVP & General Counsel

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

ATTACHMENT TO FORM 8937
“REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES”

Part II, Item 14 – Description of the organizational action:

Effective September 8, 2011 Ambulatory Services of America, Inc. recapitalized its equity under a Recapitalization Agreement dated July 8, 2011. In this recapitalization:

Each outstanding share of then existing Common Stock (“Current Common Stock”) was reclassified as and converted into one share of Class 1 Common Stock and 0.09606944 of a share of Series B Preferred Stock, rounded to the nearest whole share; each outstanding share of Series A Preferred Stock held by LG ASA, LLC (“LG”) and its affiliates was reclassified as and converted into one share of Series B Preferred Stock; and each outstanding share of Series A Preferred Stock held by the ASA stockholders (other than LG) was reclassified as and converted into 1.10489022 shares of Series B Preferred Stock, rounded to the nearest whole share (the “Exchange”);

- Each ASA stockholder (other than LG) who signed the Recapitalization Agreement and the New Shareholders Agreement and that is an accredited investor received the right to purchase, at \$3.99 per share, his or her pro rata portion of certain Investment Shares, exercisable on or before November 30, 2011;
- MedCare Investment Fund III, LP received an option to acquire any Investment Shares not acquired by the other ASA stockholders, exercisable on or before December 31, 2011;
- Upon a full liquidation of LG’s capital stock in ASA on or prior to May 18, 2017, LG will pay to the other stockholders who are or become parties to the Recapitalization Agreement and the New Shareholders Agreement (on a pro rata basis) up to 30% of the excess cash proceeds received by LG with regards to its original investment after it has received both two times its original investment and a 15% internal rate of return (compounded annually) on its original investment. The distribution contemplated by the previous sentence will be capped at \$30 million if the liquidation of LG’s capital stock is not completed by May 18, 2014 or if an IPO (as defined in the Recapitalization Agreement) of ASA is not consummated by May 18, 2014. In addition, the right to receive any such distribution will be terminated if LG initiates a Sale Event under the New Shareholders Agreement but the Company is not sold within a year, unless the reason for the lack of a sale is that LG has not accepted a bona fide offer from a third party;
- The Company adopted the New Incentive Plan pursuant to which it will issue 8,250,000 shares of Class 2 Common Stock having rights and preferences substantially similar to the new Series B Preferred Stock and will offer to exchange currently outstanding options issued under ASA’s old incentive plans for options to purchase Class 2 Common Stock issued under the New Incentive Plan; and
- The Company entered into the New Shareholders Agreement.

Part II, Item 15 - Description of the quantitative effect of the organization action on the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

No change in the basis occurred. Basis in any currently outstanding share of stock generally would be allocated among the Series B Preferred Stock, Class 1 Common Stock, and Investment Rights (as applicable) received in exchange for such currently outstanding share of stock based on the relative fair market values of such Series B Preferred Stock, Class 1 Common Stock, or Investment Rights. In addition, your holding period in such Series B Preferred Stock, Class 1 Common Stock, and Investment Rights (as applicable) generally would include your holding period in your currently outstanding share of stock exchanged therefor.

Part II, Item 16 – Describe the calculation of the change in basis and the data that supports the calculation:

See item 15 above.

Part II, Item 17 – List the applicable Internal Revenue Code sections(s) upon which the tax treatment is based:

The recapitalization is intended to be reorganization under IRC Section 368(a)(1)(E).

Part II, Item 18 – Can any resulting loss be recognized:

For U.S. Federal income tax purposes, no gain or loss should be recognized on the receipt of Series B Preferred Stock, Class 1 Common Stock, or Investment Rights, in exchange for shares of currently outstanding capital stock in Company.

Part II, Item 19 – Any other information necessary to implement the adjustment:

The reportable year is the tax year ending December 31, 2011.

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