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11.75% Senior Subordinated Notes due 2021

Overview

On May 30, 2013, we issued and sold $750 million aggregate principal amount of our 11.75% Notes. On November 19, 2013, we issued and sold an additional $1.0 billion aggregate principal amount of our 11.75% Notes. On January 6, 2014, we issued and sold an additional $725 million aggregate principal amount of our 11.75% Notes at a premium of 103.5% of the face value, resulting in approximately $750 million of gross proceeds.

The additional notes are treated as a single series with and have the same terms as the previously existing 11.75% Notes. The additional notes and the previously existing 11.75% Notes vote as one class under the related indenture. Proceeds from each offering of the 11.75% Notes were used to repay or redeem all of our 11.25% Senior Subordinated Notes due 2016. On July 11, 2014, we redeemed $866 million aggregate principal amount of the 11.75% Notes, leaving a remainder of $1.6 billion aggregate principal amount of the 11.25% Notes outstanding.

Interest Rate

The 11.75% Notes accrue interest at the rate of 11.75% per annum and mature on August 15, 2021. Interest on the 11.75% Notes is payable on February 15 and August 15 of each year.

Ranking and Security

The 11.75% Notes are senior unsecured subordinated obligations and (i) rank equally in right of payment with all of our existing and future senior subordinated debt, (ii) rank senior in right of payment to all future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the 11.75% Notes, (iii) are effectively subordinated in right of payment to all existing and future senior indebtedness, including our senior secured credit facilities, our existing senior secured notes, our existing senior unsecured notes and (iv) are effectively subordinated to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries (other than indebtedness and liabilities owed to us or one of our guarantor subsidiaries).

Prepayments and Redemptions

We are required to make an offer to repurchase the 11.75% Notes with net proceeds from specified asset sales, subject to the right to repurchase senior secured debt and certain other types of indebtedness or reinvest such proceeds in our business. In addition, we will be required to offer to repurchase the 11.75% Notes upon the occurrence of a change of control.

We may redeem the 11.75% Notes, in whole or in part, at any time prior to May 15, 2016, at a price equal to 100% of the principal amount of the 11.75% Notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole premium." Thereafter, we may redeem the 11.75% Notes, in whole or in part, at established redemption prices. In addition, on or prior to May 15, 2016, we were entitled to redeem up to 35% of the aggregate principal amount of the 11.75% Notes with the net cash proceeds from certain equity offerings at an established redemption price. On July 11, 2014, we exercised this option in full.

Guarantee

All obligations under the 11.75% Notes are guaranteed on a senior subordinated basis by each of our domestic subsidiaries that guarantees obligations under our senior secured term loan facility.

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