**OFFERING MEMORANDUM** **CONFIDENTIAL**

**$400,000,000**

BroadStreet Partners

# BROADSTREET PARTNERS, INC.

## 5.875% Senior Notes due 2029

BroadStreet Partners, Inc., an Ohio corporation (the "Issuer"), is offering $400,000,000 in aggregate principal amount of its 5.875% Senior Notes due 2029 (the "Notes"). The Notes will be issued pursuant to an indenture (the "Indenture") to be entered into by, among others, the Issuer and Truist Bank, as trustee (the "Trustee").

The Notes will bear interest at the rate of 5.875% per year. Interest on the Notes will be payable semi-annually on April 15 and October 15 of each year, beginning on October 15, 2021. The Notes will mature on April 15, 2029.

The Issuer may redeem the Notes, in whole at any time or in part from time to time, on or after April 15, 2024. In addition, prior to April 15, 2024, the Issuer may, at any time and from time to time, redeem up to 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings. In both cases, the redemption prices and terms of the redemptions are described under "Description of Notes — Optional Redemption." The Issuer may also redeem the Notes, in whole at any time or in part from time to time, at any time prior to April 15, 2024 at a price equal to 100% principal amount thereof, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. See "Description of Notes — Optional Redemption." If a Change of Control (as defined herein) occurs, or we receive proceeds from certain asset sales, holders of the Notes may require the Issuer to repurchase their Notes.

The Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of the Issuer's existing and future domestic restricted subsidiaries that is a guarantor under the Senior Secured Credit Facilities (as defined herein), subject to certain exclusions (collectively, the "Guarantors," and the guarantees by the Guarantors pursuant to the Indenture, the "Note Guarantees"). The Notes and the Note Guarantees will be the Issuer's and the Guarantors', respectively, senior unsecured obligations and will rank equal in right of payment, without giving effect to collateral arrangements, with all of the Issuer's and the Guarantors' other existing and future senior indebtedness (subject to the Required Reserves (as defined herein)), including the Senior Secured Credit Facilities, and senior in right of payment to the Issuer's and the Guarantors' future subordinated indebtedness. The Notes and the Note Guarantees will be effectively subordinated to the Issuer's and the Guarantors' existing and future secured indebtedness, including indebtedness under the Senior Secured Credit Facilities, to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to all existing and future indebtedness and other obligations of any of the Issuer's existing and future subsidiaries that do not guarantee the Notes.

**Investing in the Notes involves a high degree of risk. See "Risk Factors" for a discussion of certain risks you should consider in connection with an investment in the Notes.**

Price for the Notes: 100.000% plus accrued interest, if any, from April 21, 2021.

The Notes and the Note Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. The Notes are being offered and sold in the United States only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act ("Rule 144A") and to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). Accordingly, the Notes will be subject to restrictions on resale and transfer. See "Notice to Investors."

The Notes are a new issue of securities with no established trading market. The Issuer does not intend to list the Notes on any national securities exchange or automated quotation system.

The Notes and the Note Guarantees will not be entitled to any registration rights and the Company will not be required to complete a registered exchange offer or shelf registration for resale of the Notes or the Note Guarantees.

The initial purchasers expect to deliver the Notes to purchasers only in book-entry form through the facilities of The Depository Trust Company ("DTC") on or about April 21, 2021.

*Joint Physical Book-Running Managers*

**RBC Capital Markets** **BMO Capital Markets**

*Joint Book-Running Managers*

**BofA Securities** **Barclays** **Scotiabank** **Truist Securities**

**The date of this offering memorandum is April 14, 2021**

**Neither we nor the initial purchasers have authorized anyone to provide you with any other information or represent anything about us or this offering that is not contained in this offering memorandum. If you receive any such other information or representation, it should not be relied upon as having been authorized by us or the initial purchasers. We take no responsibility for, and can provide no assurance as to the accuracy of, any other information that others may give you. We are not, and the initial purchasers are not, making an offer to sell, or soliciting an offer to buy, any of these Notes in any jurisdiction where, or to any person to whom, where an offer, solicitation or sale is not permitted. We and the initial purchasers are offering to sell the Notes only in places where offers and sales are permitted.**

**You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum.**

## TABLE OF CONTENTS

## IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

This offering memorandum is highly confidential. We have prepared it solely for use in connection with the offer of the Notes to persons reasonably believed to be qualified institutional buyers under Rule 144A and to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S. You may not reproduce or distribute this offering memorandum, in whole or in part, and you may not disclose any of the contents of this offering memorandum or use any information contained herein for any purpose other than to consider an investment in the Notes. By accepting delivery of this offering memorandum, you expressly agree to the foregoing and you expressly agree to maintain the information contained in this offering memorandum in confidence. You may not distribute this offering memorandum or disclose its contents to anyone, other than persons you have retained to advise you in connection with this offering, without our prior written consent.

None of us, the Guarantors or the initial purchasers have authorized any person to give you any information or make any representations about us, the Guarantors, our financial results or this offering that are not contained in this offering memorandum. We and the initial purchasers take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

The information in this offering memorandum is current only as of the date on the cover. The information, including information concerning our business, financial condition, operating results and prospects, may have changed since then. Neither the delivery of the offering memorandum nor any sale of any Notes shall, under any circumstances, create any implication that there have been no changes in our affairs after the date of this offering memorandum.

This offering is being made only on the basis of this offering memorandum. In making an investment decision, prospective investors must rely on their own examination of us and the terms of this offering, including the merits and risks involved. Neither we nor the initial purchasers are giving you legal, business, financial or tax advice about any matter. Each prospective investor should consult its own advisors as needed to make its investment decision.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information (financial, legal or otherwise) contained in this offering memorandum, and the initial purchasers have not acted on your behalf to confirm independently the completeness and accuracy of the information contained in this offering memorandum. Nothing in this offering memorandum is, or may be relied upon as, a promise or representation by the initial purchasers as to the past, present or future.

This offering may be withdrawn at any time. We and the initial purchasers reserve the right to reject all or part of any offer to purchase Notes for any reason. We and the initial purchasers also reserve the right to sell less than all of the Notes offered by this offering memorandum or to sell to any purchaser less than the principal amount of Notes such purchaser has offered to purchase. This offering memorandum is directed only to each person to whom it is delivered by, or on behalf of, the initial purchasers or us, and is not an offer to any other person or to the public generally.

This offering is being made in reliance upon certain exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering in the United States. If you purchase any Notes, you agree that your purchase will constitute your representation, warranty, acknowledgment and agreement to all of the statements about purchasers in "Notice to Investors." You may not legally be able to participate in this private, unregistered offering. You should consult with your own attorney, accountant and other advisors about those matters (including determining whether you may legally participate in this offering).

You expressly agree, by accepting delivery of this offering memorandum, that:

- this offering memorandum contains highly confidential information concerning us;
- you will hold the information contained or referred to in this offering memorandum in confidence;
- you will not make copies of this offering memorandum or any documents referred to herein; and
- neither we nor the initial purchasers are giving you any legal, business, financial or tax advice.

The agreements set forth in the preceding sentence are intended for our benefit and for the benefit of the initial purchasers.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any securities commission of any other jurisdiction has approved or disapproved the offer or sale of the Notes or determined that this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales. Neither we nor the initial purchasers shall have any responsibility for your purchase, offer or sale of the Notes or in connection with obtaining, or failing to obtain, any such consents, approvals or permissions.

This offering memorandum summarizes documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of the information we discuss in this offering memorandum. Copies of those documents (excluding certain exhibits thereto) will be made available to you upon request to us or the initial purchasers.

If you have any questions relating to this offering memorandum or this offering, or if you require additional information in connection with your investment in the Notes, you should direct your questions to us or the initial purchasers.

In connection with this offering, the initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. For a description of these activities, see "Plan of Distribution."

## RESALE RESTRICTIONS

**THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE AND MAY NOT BE OFFERED OR SOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EXEMPTION THEREFROM OR IN A TRANSACTION NOT SUBJECT THERETO. THESE SECURITIES WILL NOT BE ENTITLED TO ANY REGISTRATION RIGHTS AND WE WILL NOT BE REQUIRED TO COMPLETE A REGISTERED EXCHANGE OFFER OR SHELF REGISTRATION FOR RESALE THEREOF. THE INDENTURE WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. SEE THE SECTIONS ENTITLED "NOTICE TO INVESTORS" AND "PLAN OF DISTRIBUTION."**

## NO REVIEW BY THE SECURITIES AND EXCHANGE COMMISSION

This offering memorandum, as well as any other documents related to this offering, will not be reviewed or approved by the SEC. The Notes and the Note Guarantees described in this offering memorandum have not been registered with, recommended by or approved by the SEC or any other federal, state or provincial securities commission or regulatory authority, nor has the SEC or any such federal, state or provincial securities commission or regulatory authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

There are no registration rights associated with the Notes, and we have no intention to offer Notes registered under the Securities Act in exchange for the Notes offered in this offering or to file a registration statement with respect to the Notes. The Indenture will not be qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the requirements of the Trust Indenture Act will not be applicable to this offering.

## BASIS OF PRESENTATION

As used in this offering memorandum, unless otherwise stated or the context otherwise requires, the terms "we," "us," "our," "our company" and the "Company" refer to BroadStreet Partners, Inc. and its subsidiaries.

All references to years, unless otherwise noted, refer to our fiscal years, which end on December 31.

Certain monetary amounts, percentages and other figures included in this offering memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

We have included the following financial statements in this offering memorandum:

- BroadStreet Partners, Inc.'s consolidated financial statements as of and for the years ended December 31, 2020 and 2019; and
- BroadStreet Partners, Inc.'s consolidated financial statements as of and for the years ended December 31, 2018 and 2017.

We made certain immaterial changes to the presentation of balance sheet and cash flow statement data in the consolidated financial statements as of and for the years ended December 31, 2020 and 2019 in order to separately show line items relating to earnout obligations. Because the presentation of such line items for the year ended December 31, 2019 differs from the presentation in our two-year consolidated financial statements specifically comparing the years ended December 31, 2019 and 2018, such two-year consolidated financial statements specifically comparing the years ended December 31, 2019 and 2018 are not included in this offering memorandum.

Unless otherwise noted, (i) the historical financial information as of and for the years ended December 31, 2020 and 2019 included in this offering memorandum is derived from our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 and (ii) the historical financial information as of and for the year ended December 31, 2018 included in this offering memorandum is derived from our consolidated financial statements as of and for the years ended December 31, 2018 and 2017.

## NON-GAAP AND OTHER FINANCIAL MEASURES

This offering memorandum includes certain non-GAAP and other financial measures that are not recognized under accounting principles generally accepted in the United States ("GAAP").

EBITDA, Adjusted EBITDA, capital expenditure, Free Cash Flow and Free Cash Flow Conversion, as presented in this offering memorandum, are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. These non-GAAP financial measures do not reflect our financial performance under GAAP and should not be considered an alternative to net income, total revenues, cash flow or any other performance measure derived in accordance with GAAP.

Acquisition Adjusted Revenue, Acquisition Adjusted EBITDA, Acquisition Adjusted EBITDA Margin and Covenant EBITDA, as presented in this offering memorandum, are additional supplemental measures of our performance that give *pro forma* effect to acquisitions during the relevant period. These financial measures are not required by, or presented in accordance with, GAAP. These financial measures do not reflect our financial performance under GAAP and should not be considered an alternative to net income, total revenues, cash flow or any other performance measure derived in accordance with GAAP.

We believe the foregoing financial measures provide prospective investors useful information to help them understand our operating results and to analyze our financial and business trends on a period-to-period basis, in order to determine whether to invest in the Notes. Any analysis of non-GAAP and other financial measures should be used only in conjunction with results presented in accordance with GAAP and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of the limitations of these non-GAAP and other financial measures are:

- they (other than Free Cash Flow) do not reflect costs or cash outlays for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- they do not reflect period to period changes in taxes, income tax expense or the cash necessary to pay income taxes;
- they do not reflect certain impairments and adjustments for purchase accounting;
- they do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations; and
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, these non-GAAP and other financial measures do not reflect cash requirements for such replacements.

The SEC has adopted rules to regulate the use in filings with the SEC and in public disclosures of non-GAAP financial measures, such as those mentioned above and ratios related thereto. The non-GAAP and other financial measures presented in this offering memorandum may not comply with those rules.

Our non-GAAP and other financial measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or to reduce indebtedness. We compensate for these limitations by also relying on our GAAP results and using our non-GAAP and other financial measures for supplemental purposes. See our financial statements included elsewhere in this offering memorandum for our GAAP results. In calculating our non-GAAP and other financial measures, we make certain adjustments that are based on assumptions and estimates that may prove to have been inaccurate. In addition, in evaluating our non-GAAP and other financial measures, you should be aware that we may, in the future, incur expenses that are the same as or similar to those eliminated or adjusted for in this presentation. Our presentation of our non-GAAP and other financial measures should not be construed as an inference that our future results and cash flow will be unaffected by any such adjustments.

Because not all companies calculate non-GAAP and other financial measures identically (if at all), the presentations in this offering memorandum may not be comparable to other similarly titled measures used by other companies. Further, our non-GAAP and other financial measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our operating results or cash flows as reported under GAAP.

For a reconciliation between these non-GAAP and other financial measures to the most closely comparable financial measures calculated in accordance with GAAP, see "Summary — Summary Consolidated Financial Data."

## MARKET AND INDUSTRY DATA AND FORECASTS

Market data and other statistical data regarding us, and used throughout this offering memorandum, are based on independent industry publications, government publications, reports by market research firms or other published independent sources, as well as management's knowledge of, experience in and estimates about, the industry and markets in which we operate. Although we believe the third-party sources to be reliable, we have not independently verified the data obtained from these sources and we cannot assure you of the accuracy or completeness of the data. Similarly, our internal research and forecasts are based upon our management's understanding of industry and market conditions and such information has not been verified by any independent sources. Such data involve risks and uncertainties and are subject to change based on various factors, including, but not limited to, those discussed under the sections entitled "Disclosure Regarding Forward-Looking Statements" and "Risk Factors."

## TRADEMARKS, SERVICE MARKS AND TRADE NAMES

This offering memorandum contains references to our trademarks and service marks. Solely for convenience, trademarks, service marks and trade names referred to in this offering memorandum may appear without the ®, SM or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks, service marks and trade names. This offering memorandum may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other company.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum includes "forward-looking statements" that reflect our current views and expectations with respect to, among other things, our operations, financial performance and strategy, including with respect to potential acquisitions. All statements other than statements of historical facts included in this offering memorandum, including, without limitation, statements regarding our future financial results, future financial position, business strategy, anticipated growth, future growth and revenues, expected synergies and cost savings, future economic conditions and performance, plans, objectives and strategies for future operations, expectations and other characterizations of future events or circumstances are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "predicts," "intends," "trends," "plans," "estimates," "anticipates" or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this offering memorandum. These factors include, but are not limited to, those described under "Risk Factors." These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this offering memorandum. You are cautioned not to place undue reliance on any forward-looking statement.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this offering memorandum and are expressly qualified in their entirety by the cautionary statements included herein. We undertake no obligation to update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## SUMMARY

*This summary highlights selected information contained elsewhere in this offering memorandum and is qualified in its entirety by the more detailed information and audited consolidated financial statements included elsewhere herein. Because this is a summary, it is not complete and may not contain all of the information that may be important to you in making a decision to invest in the Notes. Before making an investment decision, you should carefully read the entire offering memorandum, including "Basis of Presentation," "Cautionary Statement Regarding Forward-Looking Statements," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and related notes thereto, which are included elsewhere in this offering memorandum.*

### Our Company

Founded in 2000, we are one of the largest, fastest-growing, insurance brokerage companies in the United States. We have expanded both organically and through acquisitions, as the middle-market retail insurance brokerage industry continues to consolidate. We offer a broad range of property and casualty ("P&C") and employee benefits insurance products to small, midsize and large businesses, public institutions, and individuals.

We have achieved significant growth in a highly fragmented industry through a disciplined acquisition strategy. Our unique approach to acquisitions employs a hub and spoke model by investing in a select group of high performing, entrepreneurial independent insurance agencies (our "Core Agencies"). Our Core Agencies are among the leading independent agencies in their respective markets, with outstanding leaders and well-earned reputations as expert risk advisors.

We are successful in attracting high performing Core Agencies because we utilize a unique co-ownership business model that creates a true partnership. After the acquisition, the leaders of our Core Agencies retain equity in the businesses they run, which aligns their interests and financial incentives with ours. Also, we have found this owner/operator culture to be beneficial for both talent retention and long-term engagement following our initial investment. The preservation of independence also ensures the entrepreneurial and high-growth culture of the Core Agencies is maintained.

After we invest in Core Agencies, we work with them to accelerate their growth trajectory. Bolstered by transactional and capital support, our 25 Core Agencies go on to make and fully integrate accretive tuck-in acquisitions that increase their margins and scale their business. In addition to growth through acquisitions, we support our Core Agencies with the resources to recruit and develop strong producers, optimize commission arrangements, share best practices and enable data analytics to drive organic growth. We were the 14$^{th}$ largest U.S. insurance broker and the 7$^{th}$ largest independent U.S. P&C insurance broker based on revenue generated in 2019. Additionally, we are the 3$^{rd}$ most acquisitive insurance broker with 257 deals completed between 2012 and 2020. We have a highly diversified earnings base with consistently strong revenue and producer retention rates. For the year ended December 31, 2020, we generated Acquisition Adjusted Revenue of $865 million and Acquisition Adjusted EBITDA of $246 million (Acquisition Adjusted Revenue and Acquisition Adjusted EBITDA incorporate the full annual impact of revenue and EBITDA from acquisitions that we have made in the last twelve months).

We believe that we are one of the few insurance brokers with an operating model that combines a strong local presence with a national platform. Our corporate office is based in Columbus, Ohio, and there are 317 agency locations across 35 states. Our strategic direction and our administrative, accounting, and legal functions are all managed on a centralized basis. This ensures that our agencies are supported with an infrastructure that facilitates strong governance and controls. However, to optimize success and address local market nuances, each of our 25 Core Agencies has its own management team that executes on its growth targets while managing the day-to-day operations of their offices. Furthermore, our clients have the benefit of local risk managers to serve their unique needs. This operating model allows us to be nimble enough to quickly respond to changes in our local markets with the economies of scale, operating efficiencies, and carrier relationship leverage that comes with a large national platform.

We are currently backed by a consortium of investors comprised of Ontario Teachers' Pension Plan Board ("OTPPB") and Century Equity Partners ("Century"), who are long-term investors with extensive experience in the insurance sector. OTPPB and Century made their initial investment in March 2012, when they acquired a majority stake in our business from State Auto Mutual Insurance Company.

***Our Products and Services***

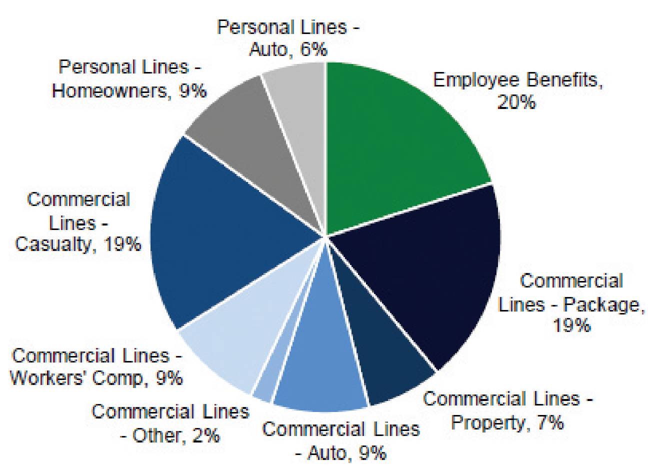
We offer a wide array of insurance services and solutions, which are offered through a vast network of regional, super-regional, and national insurance carriers and wholesale brokers. Our commercial clients operate in a variety of industries including construction, manufacturing, real estate, professional services, and healthcare. For the year ended December 31, 2020, our top client accounted for only 2% of Acquisition Adjusted Revenue, and our top ten clients represented 7% of Acquisition Adjusted Revenue. The diversity of our Core Agencies ensures that no material part of our business is dependent upon a single or small group of customers. Our primary insurance services and solutions include commercial lines, personal lines, and employee benefits.

*Commercial Lines (65% of Acquisition Adjusted Revenue)*: We offer a variety of commercial lines products including commercial casualty, commercial property, workers compensation, surety, commercial liability, and commercial auto. Our commercial clients are small and middle market businesses in a variety of industries including commercial agriculture, retail, construction, government, aviation, environmental services, legal, hospitals, manufacturing, and hospitality. Annual premiums for our commercial lines were $3.8 billion during the year ended December 31, 2020.

*Personal Lines (15% of Acquisition Adjusted Revenue)*: We offer a comprehensive suite of personal lines product offerings including home, personal auto, boat, umbrella package, and recreational vehicle insurance. Our personal lines clients are typically high net worth individuals or families, and many of the customers are management teams or employees with businesses who also purchase their commercial lines insurance from us. We placed $802 million in personal lines premiums during the year ended December 31, 2020.

*Employee Benefits (20% of Acquisition Adjusted Revenue)*: We provide employee benefit services and individual health insurance solutions including medical, dental, vision, Section 125 pre-tax accounts, and disability. Our clients are typically middle market businesses with and, to a lesser extent, individuals. During the year ended December 31, 2020, we placed $2.8 billion in employee benefits premiums.

The following chart illustrates the percentage of Acquisition Adjusted Revenue generated from each product line for the year ended December 31, 2020.



## Our Industry

We compete in the U.S. insurance brokerage industry. Insurance brokers help their customers assess the types of risks they face and then find the most suitable, cost effective insurance policies. Brokers are also indispensable partners for insurance carriers by functioning as an outsourced sales force and providing post-sale services. Furthermore, as insurance products become more complex and new risks requiring insurance are introduced, brokers will continue to be an integral part of the distribution channels because of their specialized knowledge as trusted risk advisors.

The U.S. insurance brokerage industry is comprised of large, global insurance conglomerates, mid-sized national participants, and small local brokers. Aon plc, Marsh & McLennan Companies, Inc., and Willis Towers Watson plc make up the large global participants in our market. The mid-sized component of the market is comprised of A.J. Gallagher & Co., Brown & Brown Inc., Hub International Limited, Acrisure LLC, USI Inc., Alliant Holdings I, L.P, NFP Corp, AssuredPartners, Inc., Galway Insurance Holdings, ourselves, and a number of insurance brokers affiliated with financial institutions. The remainder of our industry is highly fragmented and includes approximately 36,500 regional and local participants that vary in size and scope. Many of these smaller operators focus on niche markets or specific geographies.

We believe that this market fragmentation provides significant runway for revenue growth, both organically and through acquisitions. In recent years, there has been a significant amount of acquisition activity amongst insurance brokers. In 2019 and 2020 there were 649 and 774 insurance broker acquisitions, respectively, according to Optis Partners. However, despite the recent consolidation, the industry remains highly fragmented and there continues to be a myriad of insurance agencies across the U.S.

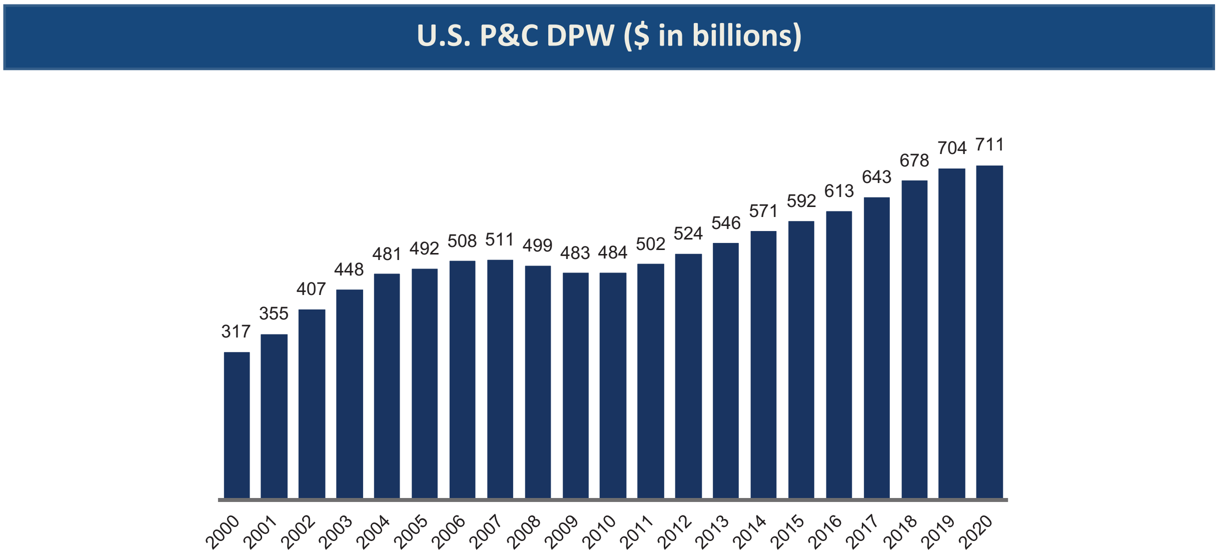
### *Property and Casualty (P&C) Insurance Market*

Insurance brokers sell products that provide P&C insurance coverage to businesses, public entities, and individual clients, while insurance carriers provide the actual risk management services.

Insurance brokers generate revenue through commissions, which are calculated as a percentage of the total insurance premium, and through fees for management and consulting services. Absent changes in rates, premiums in the P&C insurance market fluctuate commensurate with underlying insured exposures. P&C insurance premiums are determined primarily by underwriting capacity amongst the carriers, economic conditions, and expected loss experiences. External events, such as terrorist attacks and natural disasters, can have a significant impact on the availability of capital and rates in the insurance market.

We use the terms “soft market” and “hard market” to describe insurance industry conditions. A soft market is characterized by declining premiums due to capital build-up and increased competition. However, in a soft market insurance buyers typically reduce deductibles, expand their existing coverage policies, and purchase new coverage, thereby maintaining their spending. A hard market is characterized by a period of rising premiums, scarcity of capital, and less competitive underwriting conditions. In a hard market, clients may moderate their insurance costs by reducing coverage, self-insuring some risks, and maintaining higher deductibles. As a result of these trends premiums, and resulting brokerage commission, tend to be relatively stable. We are currently experiencing hard market conditions as a result of several recent sizeable catastrophes and COVID-related loss activity. Hard and soft markets can also be impacted by either broad-based insurance trends or by nuanced factors affecting individual insurance product lines or specific geographies.

The following chart illustrates the direct premiums written ("DPW") in the U.S. P&C market since 2000. Direct premiums have grown at a compound annual growth rate ("CAGR") of 4.1% per year since 2000.




Source: S&P Global Market Intelligence

***Employee Benefits Insurance Market***

Employee benefit brokers serve businesses by providing their employees with access to medical, dental, life, and disability insurance coverage. In addition to functioning as distributors, employee benefit brokers can also provide assistance with designing employee benefit plans. Employee benefit brokers typically enable businesses to completely outsource the design, management, and administration of their employee benefit programs. The specialized knowledge of employee benefit brokers, and the advice they provide, is very valuable for employers as it alleviates the need to commit substantial internal resources or invest in technology to facilitate these plans.

Demand for employee benefit services and solutions is principally driven by overall employment levels, whereas employee benefit premiums tend to increase with medical cost inflation. In recent years, the design and implementation of employee benefit programs has become much more sophisticated. As businesses continue to face rising healthcare costs, pension deficits, and an increasingly complex regulatory environment, there has been a substantial increase in demand for brokers who can navigate the evolving landscape and ease the burden of medical cost inflation. Furthermore, as employee benefits continue to be a key component to attracting and retaining talent, brokers will remain a critical partner for employers.

***Impact of COVID-19***

The insurance brokerage sector has remained relatively resilient during the COVID-19 pandemic. This is because P&C coverage is typically non-discretionary and is purchased annually. Retention rates continue to be high as customers typically do not change their policies after they have been initiated. Furthermore, "hard" market conditions driven by recent catastrophic events, low interest rates, and social inflation have aided commission revenue.

Employee benefit and discretionary business lines slowed as a result of the linkage to payrolls and unemployment levels, but this has been more than offset by the factors outlined in the prior paragraph. Also, margins and cash flows remained resilient as most brokers carry highly variable cost structures and were able to quickly scale their operations.

While cash conservation and shoring up of balance sheets was the focus early on in the pandemic, M&A activity continued at a record pace as the year progressed. This was primarily driven by availability of capital and pent-up demand (after a relatively slow start to the year). Smaller firms also became more open to selling as they faced technological challenges, struggled to adapt to a work from home environment, and potential election and tax uncertainties.

**Our Competitive Strengths**

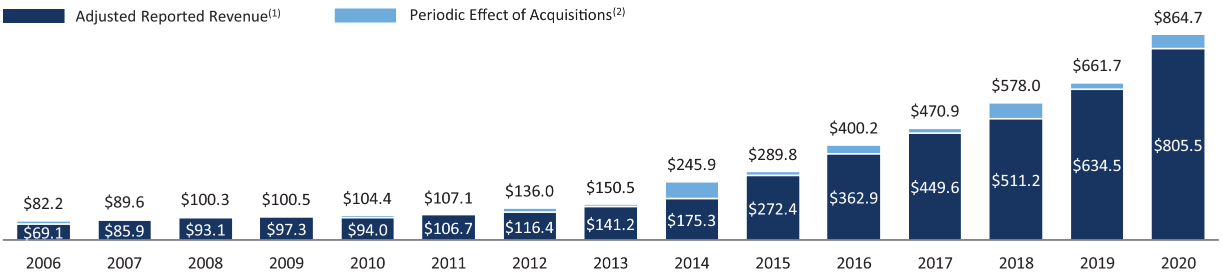
We believe that the following competitive strengths have been instrumental to our success and positions us to accelerate growth and increase market share.

*Growing Middle-Market Broker in an Attractive Industry*. We are a leading insurance broker, operating in an attractive industry with strong fundamentals. We focus on the middle market segment of the insurance brokerage industry, which is highly fragmented and comprised of over 36,500 U.S. insurance agencies. Aside from four large global brokers, no middle market broker had more than 5% market share (based on 2019 U.S. brokerage revenue) in 2020. We believe that our scale, reputation, established track record, and strong local relationships will allow us to continue to expand our leadership position. Our Acquisition Adjusted Revenue CAGR from 2012 to 2020 was 26%.

*Proven Acquirer with Unique Partnership Model.* We have a consistent track record of completing between one and three Core Agency partnerships each year. We enter markets by making majority investments in Core Agencies. This allows existing agency owners to either buy out a retiring partner or partially monetize their ownership interest, while continuing to manage their business. Co-owner partners of our Core Agencies typically retain a 20-30% equity stake post-investment. This investment structure keeps management teams highly engaged and aligns our financial interests with the Core Agencies. These partnerships have been very successful as they provide management teams with the "best of both worlds", operational autonomy coupled with access to our expansive resources, scale, risk management and governance expertise and acquisition capabilities. We completed 257 transactions from 2012 to 2020, and we have 355 individual co-owner partners.

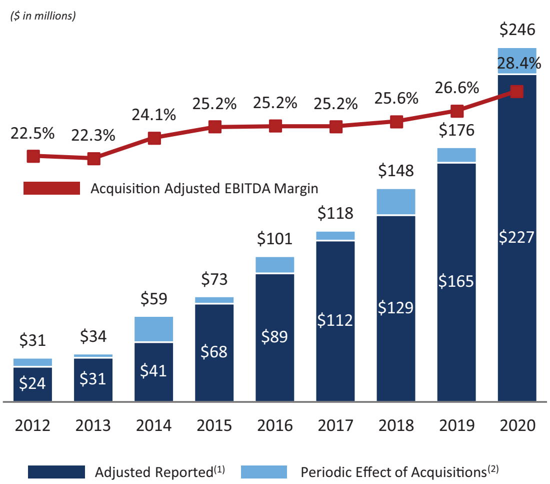
*Highly Diversified and Recurring Revenue Base*. Our revenue base is highly diversified across clients, product lines, producers, carriers and geography. This limits our exposure to potential volatility in certain sectors, local markets and individual producers, while also reducing our reliance on any individual client relationship. For the year ended December 31, 2020, our top client accounted for only 2% of Acquisition Adjusted Revenue and our top ten clients represented 7% of Acquisition Adjusted Revenue. Our average aggregate customer retention rate has been 90% and, for acquired books of business, it has been 95%, in each case during 2020. As further described in "— Our Company — Our Products and Services" above, no single product line accounted for more than 20% of our Acquisition Adjusted Revenue during 2020. In addition, for the year ended December 31, 2020, our top ten producers represented only 6% of our Acquisition Adjusted Revenue and our top ten carriers represented 28% of Acquisition Adjusted Revenue, with no single carrier representing more than 6%. Furthermore, for the year ended December 31, 2020, no single state accounted for more than 14% of our Acquisition Adjusted Revenue, with our top seven states accounting for 51% of our Acquisition Adjusted Revenue.

*Robust Financial Performance with High Free Cash Flow Generation*. From 2012 to 2020, as shown in the chart below, we increased Acquisition Adjusted Revenue from $136 million to $865 million, representing a 26% CAGR. Our revenue growth is primarily due to our successful acquisition model, which is supplemented by organic growth, which has averaged 2.3% from 2012 to 2020.



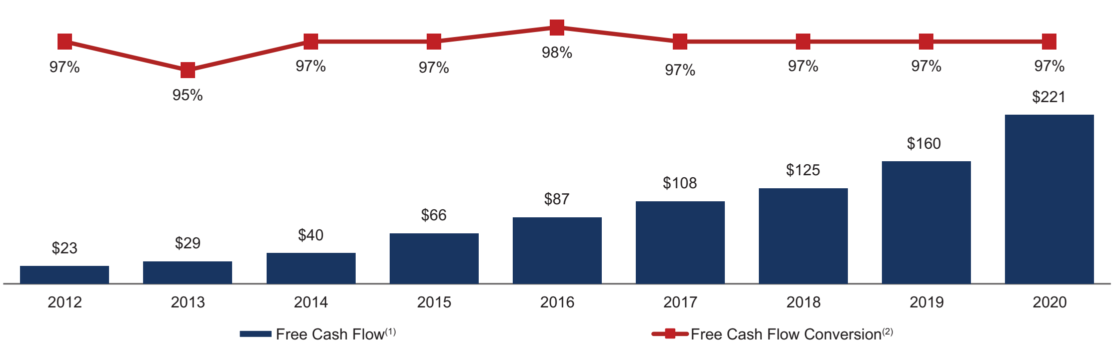

(1) Excludes realized gains.
(2) Gives effect to the full-year impact of acquisitions completed during the relevant period. See "— Summary Consolidated Financial Data" for further details.

In addition, as shown in the chart below, our Acquisition Adjusted EBITDA grew in tandem from \$31 million to \$246 million from 2012 to 2020, representing a 30% CAGR, and our Acquisition Adjusted EBITDA Margin expanded from 22.5% to 28.4%, driven by margin-accretive acquisitions, disciplined expense management and operational scale efficiencies.




(1) Excludes realized gains.
(2) Gives effect to the full-year impact of acquisitions completed during the relevant period. See "— Summary Consolidated Financial Data" for further details.

Furthermore, as shown in the chart below, our modest working capital and capital expenditure requirements have resulted in very robust 97% average Free Cash Flow Conversion over the same period, with our Free Cash Flow growing at a 30% CAGR.




(1) Defined as Adjusted EBITDA less capital expenditures. See "— Summary Consolidated Financial Data" for further details.

(2) Defined as Free Cash Flow as a percentage of Adjusted EBITDA. See "— Summary Consolidated Financial Data" for further details.

These financial characteristics have allowed us to make strategic investments into our business and to access the debt capital markets to drive growth.

*Established Executive Leadership Team with a Long-Term Track Record of Value Creation*. We are led by Rick Miley, founder and Chairman and Ken Kirk, Chief Executive Officer. Rick founded the business in 2000 and Ken joined in 2013 after more than 20 years as an executive with one of the largest publicly traded insurance brokers. Erin West, our Chief Financial Officer, joined in 2008 and was previously a Chief Financial Officer of a public insurance company. Dave Ross joined shortly after our inception and as our Vice President of Acquisitions, and has been part of almost every acquisition we have completed to-date. The average tenure of our senior executive team is 14.5 years. The business is overseen by a diverse nine-person Board of Directors that includes two female directors. Furthermore, the alignment with our highly entrepreneurial management teams at the Core Agencies is solidified by their significant equity stakes and the co-ownership model tends to attract younger management teams with longer time horizons.

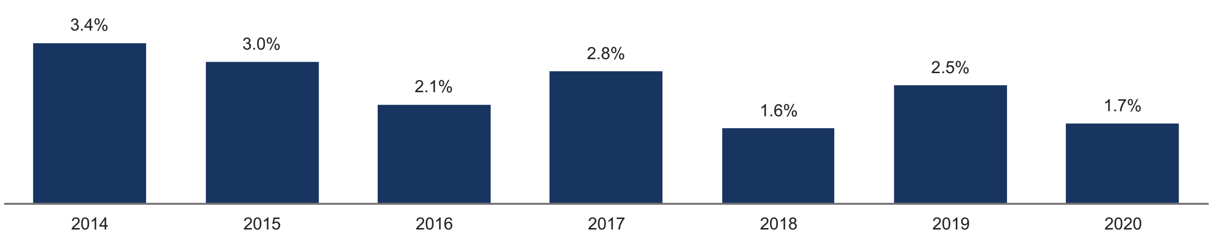
*Long-term Experienced Sponsors with a Focus on Governance.* Our team is supplemented by our partnership with OTPPB and Century, who are long-term investors with extensive experience in the insurance sector. Beyond their vast experience, our sponsors bring a focus on long-term disciplined growth centered on good corporate governance. This focus starts with a significant investment in our diverse board of directors. Our independent board members include a former partner with KPMG, a chief executive officer of an insurance company (with a focus on cyber insurance), a former executive of a public company with a co-ownership model and a former executive with experience in insurance digitization. The audit committee of the board holds high responsibility over governance and the external and internal audit of our subsidiaries (financial, E&O and cyber).

**Our Business Strategies**

We intend to continue growing our business by pursuing the following strategies.

*Pursue Highly Accretive Acquisitions*. We plan to continue to execute upon a disciplined acquisition strategy, which will allow us to selectively enter new regions, build scale in existing markets, and expand our product and service portfolio. Since 2012, we have successfully executed and integrated 238 tuck-in acquisitions of agencies and books of businesses. Our platform is comprised of 25 Core Agencies and one way in which we support them is by identifying strategic tuck-in acquisitions. Our Core Agencies typically make 30 – 50 tuck-in acquisition each year and these acquisitions are typically fully integrated within two years. The acquisitions completed in 2020 had an attractive weighted average upfront purchase price to EBITDA multiple of 8.5 times.

*Organic Growth*. We invest in entrepreneurial Core Agencies that are focused on accelerating underlying value through organic growth. As shown in the chart below, we have experienced positive organic growth in each of the past seven years (excluding the impact of Topic 606)[1].




(1) Figures represent percentage of growth in organic revenue compared to the prior period.

Our top five largest Core Agencies have averaged 3% organic growth over the past three years. Acquired agencies grow organically by hiring and developing new producers, increasing the quality and breadth of products offered, leveraging our national carrier relationships and through cross-selling products. We have aligned our interests with our Core Agency CEOs through a variable compensation structure with defined organic growth targets.

*Achieve Operational Efficiencies and Margin Improvements*. We strive to maintain strong margins while continuing to invest in future organic growth and acquisitions. We support our partners' efforts to develop new producers by providing access to sales programs and insurance company training schools. We provide our partners with reporting that includes information on their markets, their Core Agency peers (benchmarking), producer development progress, employee productivity and expense management.

*Maintain Adaptability and Capitalize on Evolving Market Environment*. Our national scale complemented by the local presence of our Core Agencies continues to help us maintain a nimble posture and creates the opportunity for us to capitalize on evolving market conditions. During COVID-19, we were not only able to effectively serve our existing client base, but also grew organically and through acquisitions. Our Core Agency partners' diverse local economies and specialty market niches help to mitigate regional impacts while creating market opportunities across states and business sectors. Our Core Agency partners also have a national network of colleagues to share best practices, act on data driven insights and leverage market intelligence giving us the best of all worlds. The individual strengths of our Core Agencies, combined with a shared data analytics platform, will continue to allow us to benefit from our industry specialties. At the same time, our strong integrated governance structure, including centralized reporting systems and resource allocation, enables us to prioritize both our employees' health and safety and financial performance. For example, during COVID-19, our common technological resources enabled us to rapidly take the vast majority of our employees to a work-from-home environment, allowing us to continue to serve our clients and grow our business during the pandemic. Furthermore, our cost profile is largely variable so there was limited impact on margins and cash flows. We will continue to capitalize on evolving market conditions in economically vibrant sectors like construction, and recovering middle market businesses, that we anticipate will provide additional opportunities for organic growth.

## Recent Developments

### *Trading Update*

For the twelve months ended March 31, 2021, we believe that Acquisition Adjusted Revenue and Covenant EBITDA increased slightly compared to the year ended December 31, 2020. We believe that Acquisition Adjusted Revenue was in the range of $865 million to $870 million, while Covenant EBITDA was in the range of $245 million to $247 million, in each case for the twelve months ended March 31, 2021, compared to $865 million and $245 million, respectively, for the year ended December 31, 2020. Additionally, we believe that organic growth for the three months ended March 31, 2021 remained steady at approximately 1.8%.

See "— Summary Consolidated Financial Data" below for additional information regarding our non-GAAP and other measures. Due to the preliminary nature of these estimates, we are unable to reconcile the non-GAAP and other measures set forth above to net income, which would be the most directly comparable measure under GAAP, because information necessary to calculate net income, such as tax provisions, is unavailable at this time.

The preliminary estimated financial results included in this offering memorandum have been prepared by, and are the responsibility of, our management. Neither our independent accountants, Deloitte & Touche LLP, nor any other independent accountant has audited, reviewed, compiled, examined or performed any procedures with respect to the estimated results, nor have they expressed any opinion or any other form of assurance on the preliminary estimated financial results. These preliminary estimates reflect management's estimates based solely upon information available as of the date of this offering memorandum and are not a comprehensive statement of our financial position or results as of or for the twelve months or three months ended March 31, 2021. The information presented herein should not be considered a substitute for the consolidated financial statements as of and for the three months ended March 31, 2021 once they become available.

The estimates for the preliminary estimate financial results described above constitute forward-looking statements and are not guarantees of future performance or outcomes. There is a possibility that the actual results may vary from these preliminary estimates. Accordingly, you should not place undue reliance upon these preliminary financial results. We do not expect to disclose whether or not our expectations have changed or to update our expectations, other than through the release of actual results pursuant to our contractual obligations in the ordinary course of business. See "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of certain of the factors that could affect our future performance. These preliminary results should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statement and related notes included in this offering memorandum.

### *Acquisitions*

From January 1, 2021 through March 19, 2021, we acquired the assets of more than ten general insurance agencies. In conjunction with these acquisitions, we paid $13 million of net cash and established $4 million of estimated contingent future payments. The results of these operations will be included in our consolidated financial statements beginning on the effective date of each acquisition. The valuation analysis related to purchase accounting is not yet finalized for these transactions.

## The Transactions

We intend to use the proceeds from this offering to repay the First Lien Term Loan Tranche B-1 under our First Lien Term Loan Facility (each as defined below) in full, to repay our Second Lien Term Loan Facility (as defined below) in full, to pay related fees and expenses and for general corporate purposes (including for acquisitions and the repayment of indebtedness). We refer to the offering of the Notes and the use of proceeds thereof, collectively, as the "Transactions".

The following table sets forth the estimated sources and uses of funds in connection with the Transactions. The actual sources and uses of funds may vary from the estimated sources and uses of funds set forth below. The estimated sources and uses of funds presented below should be read in conjunction with "— Summary Consolidated Financial Data," "Use of Proceeds" and "Capitalization" included elsewhere in this offering memorandum.

| Sources of Funds | | Uses of Funds | |
|---|---|---|---|
| *(in thousands)* | | | |
| Notes offered hereby[(1)] | $400,000 | Repayment of First Lien Term Loan Tranche B-1[(2)] | $223,875 |
| | | Repayment of principal amount of Second Lien Term Loan Facility[(3)] | 75,000 |
| | | Prepayment premium for Second Lien Term Loan Facility[(4)] | 2,270 |
| | | Transaction fees and expenses[(5)] | 6,000 |
| | | General corporate purposes | 92,855 |
| **Total sources of funds** | **$400,000** | **Total uses of funds** | **$400,000** |

(1) Represents the gross proceeds of the Notes offered hereby.

(2) On August 5, 2020, we borrowed an incremental $225 million tranche B-1 term loan under the First Lien Term Loan Facility (the "First Lien Term Loan Tranche B-1"). The indebtedness under the First Lien Term Loan Tranche B-1 was incurred pursuant to the Amended and Restated Credit and Guaranty Agreement with Royal Bank of Canada as the administrative agent and collateral agent and the guarantors and the lenders named therein (the "Credit Agreement"), which provided us with a $1,111 million first lien senior secured term loan (the "First Lien Term Loan Facility") and a $250 million first lien revolving credit facility (the "Revolving Credit Facility" and, together with the First Lien Term Loan Facility, the "Senior Secured Credit Facilities"). The First Lien Term Loan Tranche B-1, which matures on January 27, 2027, bears interest at a rate of 3.75% above LIBOR (subject to a 1.00% floor) or 2.75% above the prime rate. Borrowings under the First Lien Term Loan Tranche B-1 are currently repayable at par.

(3) On May 27, 2020, we entered into a Second Lien Credit and Guaranty Agreement with Penfund Partners ("Penfund") as administrative and collateral agent and the guarantors and the lenders named therein, which provided us with a $75 million second lien term loan facility (the "Second Lien Term Loan Facility"). The Second Lien Term Loan Facility, which matures on July 27, 2027, bears interest at a rate of 9.0% above LIBOR (subject to a 1% floor) or 8.0% above the prime rate.

(4) Borrowings under the Second Lien Term Loan Facility are currently repayable at a "make-whole" premium. The amount above assumes a prepayment of the Second Lien Term Loan Facility as of the issue date of the Notes.

(5) Represents the estimated fees and expenses associated with the Transactions, including financing fees and other transaction costs and professional fees, including the initial purchasers' gross spread in connection with the sale of the Notes.

## Our Sponsors

### *OTPPB*

OTPPB is a globally active investor with holdings in more than 50 countries across diversified sectors and asset classes. It administers the assets of the Ontario Teachers' Pension Plan ("OTPP"), earns money through investing, pays benefits to OTPP members and their survivors and reports and advises on OTPP's funding status and regulatory requirements. OTPPB is an Ontario corporation without share capital. It is responsible for administering OTPP and managing the assets of OTPP for the benefit of approximately 331,000 active and retired teachers of Ontario, as of December 31, 2020, who are providing, or before retirement were providing, elementary and secondary school education in Ontario.

OTPP is Canada's largest single profession pension plan with C$221.2 billion and C$207.4 billion in net assets in its pension fund as of December 31, 2020 and December 31, 2019, respectively. OTPP produced a total fund net return in 2020 of 8.6% after all investment costs. In 2020, its portfolio generated C$18.0 billion of net investment income.

### *Century Equity Partners*

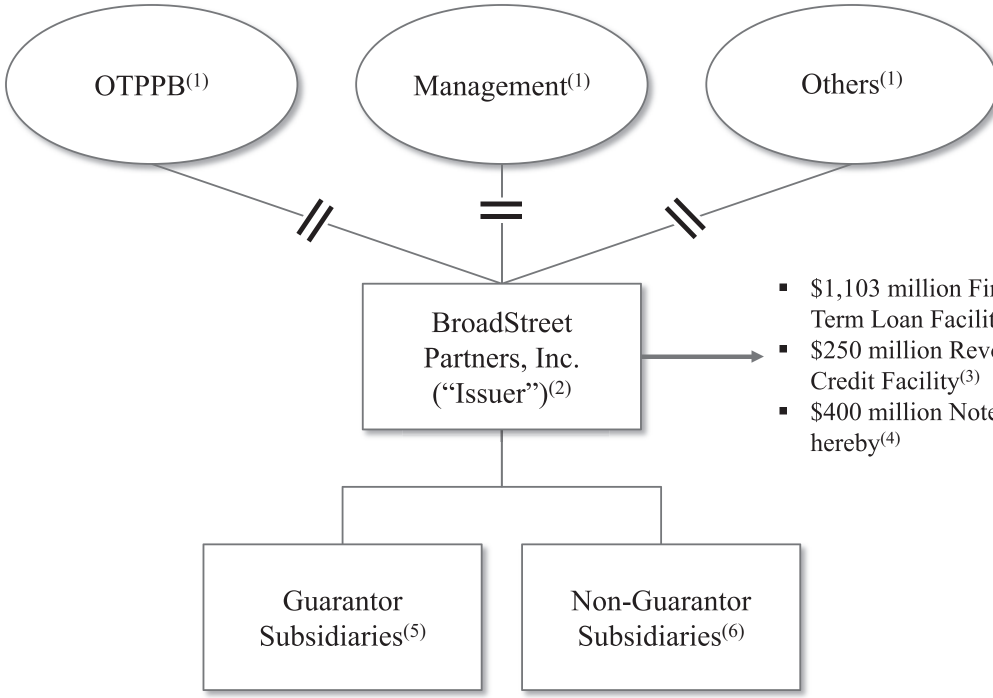
Century invests in middle market and lower middle market businesses that operate in the Insurance and Financial Services sectors. Century focuses on investing in companies that provide outsourced services, distribution, and technology-enabled solutions to businesses operating within the insurance (property & casualty, health, and life) and financial services sectors. Century provides capital to support management teams in accelerating growth organically or through acquisition strategies.

## Corporate Information

BroadStreet Partners, Inc. is a corporation formed under the laws of the State of Ohio. Our principal executive offices are located at 580 North Fourth Street, Suite 450, Columbus, Ohio 43215. Our telephone number is (614) 993-3011. Our website address is www.broadstreetcorp.com. The information on our website does not constitute part of and is not incorporated into, this offering memorandum and you should rely only on the information contained in this offering memorandum when making a decision as to whether to invest in the Notes.

**Corporate Structure**

The following chart illustrates our organizational and debt capital structure as of December 31, 2020, as adjusted to give effect to this offering. The following chart reflects our effective ownership structure, but has been condensed and does not include all of the entities in our corporate structure.




(1) See "Security Ownership" for further details.

(2) BroadStreet Partners, Inc. is the borrower under the Senior Secured Credit Facilities and the issuer of the Notes offered hereby.

(3) After giving effect to the Transactions, the Senior Secured Credit Facilities will consist of the First Lien Term Loan Facility (under which there was $1,103 million outstanding as of December 31, 2020) and the $250 million Revolving Credit Facility (under which there were no borrowings outstanding as of December 31, 2020). The First Lien Term Loan Facility matures on January 27, 2027 and the Revolving Credit Facility matures on January 27, 2025. See "Description of Certain Other Indebtedness."

(4) We intend to use the proceeds from this offering of the Notes to repay the First Lien Term Loan Tranche B-1 under our First Lien Term Loan Facility in full, to repay our Second Lien Term Loan Facility in full, to pay related fees and expenses and for general corporate purposes (including for acquisitions and the repayment of indebtedness).

(5) Subject to certain exceptions and subject to the Required Reserves in the case of each non-wholly owned Guarantor, the Notes will be fully and unconditionally guaranteed on a senior unsecured basis, jointly and severally, by each domestic restricted subsidiary of the Issuer that guarantees the Senior Secured Credit Facilities or that, in the future, guarantees certain other indebtedness of the Issuer or any Guarantor, including certain capital markets debt securities of the Issuer or any Guarantor. Most of the Guarantors are non-wholly owned subsidiaries. To the extent lenders under the Senior Secured Credit Facilities release any Guarantor from its obligations, such Guarantor will also be released from its obligations under the Notes.

See "Risk Factors — Risks Related to the Notes and our Indebtedness — Although the Notes will be guaranteed by the material restricted subsidiaries organized in the United States, certain parties will have a prior claim to our assets and those of our Guarantors."

(6) The Notes will not be guaranteed by any of our unrestricted, immaterial or non-U.S. subsidiaries. As of December 31, 2020, our non-guarantor subsidiaries were immaterial to our financial position and results of operations. These immaterial subsidiaries had no debt at December 31, 2020 and represented less than 1% of Acquisition Adjusted EBITDA for the year ended December 31, 2020.

## THE OFFERING

*This summary describes the principal terms of the Notes. This summary is provided solely for your convenience and is not intended to be complete. Certain of the terms and conditions described below are subject to important limitations and exceptions. See "Description of Notes" and the subsections specifically mentioned in this summary for a more detailed description of the terms and conditions of the Notes. You should refer to the section entitled "Risk Factors" for an explanation of certain risks of investing in the Notes. As used in this summary, the terms "we," "us," "our" and the "Company" refer to BroadStreet Partners, Inc. and not to any of its subsidiaries.*

**Issuer** . . . . . . . . . . . . . . . . . . . BroadStreet Partners, Inc., an Ohio corporation.

**Notes Offered** . . . . . . . . . . . . . $400.0 million in aggregate principal amount of 5.875% Senior Notes due 2029.

**Maturity** . . . . . . . . . . . . . . . . The Notes will mature on April 15, 2029.

**Interest** . . . . . . . . . . . . . . . . . . Interest on the Notes will accrue at a rate of 5.875% per annum and will be payable in cash, semi-annually in arrears, on April 15 and October 15 of each year, beginning on October 15, 2021.

**Guarantees** . . . . . . . . . . . . . . . The Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of our existing and future domestic restricted subsidiaries that is a guarantor under the Senior Secured Credit Facilities, subject to certain exclusions. In the future, each domestic restricted subsidiary that guarantees certain of our or our Guarantors' indebtedness will guarantee the Notes, subject to certain exceptions. As of the issue date of the Notes, none of our foreign subsidiaries or immaterial subsidiaries will guarantee the Notes and no such subsidiaries (whether currently existing or formed in the future) are expected to guarantee the Notes in the future. The Note Guarantees are subject to release under specified circumstances. See "Description of Notes — Guarantees."

**Ranking** . . . . . . . . . . . . . . . . . The Notes and the Note Guarantees will be our and the Guarantors', respectively, senior unsecured obligations and will rank:

- equal in right of payment, without giving effect to collateral arrangements, with all of our and the Guarantors' other existing and future senior indebtedness, including the Senior Secured Credit Facilities;
- senior in right of payment to all of our and the Guarantors' future subordinated indebtedness;
- effectively subordinated to all of our and the Guarantors' existing and future secured indebtedness (including indebtedness under the Senior Secured Credit Facilities) to the extent of the value of the assets securing such indebtedness; and
- structurally subordinated to all existing and future indebtedness and other obligations of our existing and future subsidiaries that do not guarantee the Notes, other

than indebtedness and obligations owed by such non-Guarantor subsidiaries to the Issuer or a Guarantor; and

- be limited, in the case of each non-wholly owned Guarantor, to the sum of the Attributable Notes of such Guarantor plus the amount by which the proceeds received upon enforcement of the Note Guarantee of such Guarantor exceed its Required Reserves (as defined in "Description of Notes — Note Guarantees") at the time of any enforcement thereunder after the repayment of such Attributable Notes.

As of December 31, 2020, on an as adjusted basis after giving effect to the Transactions, we would have had approximately $1,514 million of total debt outstanding, including, among other things, $400 million of the Notes offered hereby and $1,103 million of secured debt outstanding under the First Lien Term Loan Facility. We would also have had $250 million available for additional borrowings under the Revolving Credit Facility. We will also have available an incremental loan facility under the Senior Secured Credit Facilities that could increase our indebtedness thereunder. See "Capitalization" and "Description of Certain Other Indebtedness."

As of December 31, 2020, we estimate there was $659 million aggregate principal amount of Attributable Notes outstanding and that the Required Reserves for all Guarantors in the aggregate amounted to $419 million, of which approximately $64 million consisted of other creditor obligations (primarily earnouts) and $355 million of Residual Equity Reserves (as defined in "Description of Notes — Note Guarantees"). These estimates do not include the impact of any potential proceeds that may be received in a liquidation event. They are based on the assumption that Residual Equity Reserves are equal to the book value of non-controlling interests in our consolidated balance sheet. The actual value of the Residual Equity Reserves can only be determined in connection with a disposal of the relevant assets upon a liquidation event, and such value may differ materially from the book value of non-controlling interests in our consolidated balance sheet. The estimates are also based on the assumption that our restricted cash and accounts receivable are at least equal to our accounts payable, such that the liabilities in the form of accounts payable can be excluded from the calculations.

See "Risk Factors — Risks Related to the Notes and our Indebtedness — Although the Notes will be guaranteed by the material restricted subsidiaries organized in the United States, certain parties will have a prior claim to our assets and those of our Guarantors."

As of December 31, 2020, our non-guarantor subsidiaries were immaterial to our financial position and results of operations. These immaterial subsidiaries had no debt at December 31, 2020 and represented less than 1% of Acquisition Adjusted EBITDA for the year ended December 31, 2020.

**Optional Redemption** . . . . . . . . On and after April 15, 2024, we may redeem the Notes, in whole at any time or in part from time to time, at the prices and as described under "Description of Notes — Optional Redemption." Prior to such date, we may redeem some or all of the Notes at a redemption price of 100% of the principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a "make-whole" premium. Until April 15, 2024, we may also redeem up to 40% of the aggregate principal amount of the Notes from the proceeds of certain equity offerings at a redemption price of 105.875%, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. See "Description of Notes — Optional Redemption" for more information.

**Change of Control; Certain Asset Sales** . . . . . . . . . . . . . If a Change of Control (as defined in "Description of Notes — Certain Definitions") occurs, we will be required to offer the holders of the Notes an opportunity to sell all or part of their Notes at a purchase price of 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of repurchase. See "Description of Notes — Repurchase at the Option of Holders — Change of Control."

In addition, if we sell assets under certain circumstances, we may be required to make an offer to purchase a portion of the Notes. See "Description of Notes — Repurchase at the Option of Holders — Asset Sales."

**Certain Covenants** . . . . . . . . . . The Indenture will restrict our ability to, among other things:

- incur additional indebtedness;
- declare or pay dividends, redeem stock or make other distributions to our stockholders;
- make certain investments;
- create certain liens;
- enter into certain transactions with affiliates;
- agree to certain restrictions on the ability of our restricted subsidiaries to make certain payments; and
- consolidate, merge, sell or otherwise dispose of all or substantially all of our or our restricted subsidiaries' assets.

In addition, certain of the above restrictions will also be applicable to our restricted subsidiaries. These covenants are subject to a number of important limitations, qualifications and exceptions. See "Description of Notes — Certain Covenants."

| | |
|---|---|
| | In addition, certain covenants will cease to apply to the Notes for so long as the Notes have investment grade ratings from any two of Standard & Poor's Investors Ratings Service ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch"). See "Description of Notes — Certain Covenants." |
| **Transfer Restrictions** . . . . . . . . | The Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. The Notes may not be offered or sold except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. For more details, see "Notice to Investors." The Notes are being offered and sold only to persons reasonably believed to be qualified institutional buyers under Rule 144A and to certain non-U.S. persons in transactions outside the United States pursuant to Regulation S. |
| **No Registration Rights** . . . . . . | The Notes and the Note Guarantees will not be entitled to any registration rights and we will not be required to complete a registered exchange offer or shelf registration for resale of the Notes or the Note Guarantees. |
| **No Prior Market; No Listing** . . | The Notes will not be listed on any securities exchange or quoted on any quotation system. The Notes will be a new class of securities for which there currently is no public market. Although the initial purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained. |
| **Form and Denomination** . . . . . | The Notes will be issued in book-entry only and registered in the name of DTC or its nominee. The Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. |
| **Use of Proceeds** . . . . . . . . . . . | We intend to use the proceeds from this offering to repay the First Lien Term Loan Tranche B-1 under our First Lien Term Loan Facility in full, to repay our Second Lien Term Loan Facility in full, to pay related fees and expenses and for general corporate purposes (including for acquisitions and the repayment of indebtedness). See "Use of Proceeds." |
| **Risk Factors** . . . . . . . . . . . . . . | An investment in the Notes involves a high degree of risk. See "Risk Factors" and the other information contained in this offering memorandum for a discussion of factors you should carefully consider before investing in the Notes. |
| | For additional information regarding the Notes, see "Description of Notes." |
| **Trustee** . . . . . . . . . . . . . . . . . . | Truist Bank. |

## Summary Consolidated Financial Data

The following table sets forth our summary historical consolidated financial data as of the dates and for the periods indicated. The summary historical consolidated financial data as of December 31, 2020 and December 31, 2019 and for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 are derived from our audited consolidated financial statements and notes thereto, which have been audited by Deloitte & Touche LLP, our independent accountants, whose reports on these financial statements are included elsewhere in this offering memorandum. The historical results included below and elsewhere in this offering memorandum are not necessarily indicative of our future performance. The summary historical consolidated financial data should be read in conjunction with "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included elsewhere in this offering memorandum.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, (Topic 606), which provides guidance for revenue recognition. ASU No. 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets and supersedes the revenue recognition requirements in FASB Accounting Standards Codification Topic 605, *Revenue Recognition*, and most industry-specific guidance. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use significant judgment and make significant estimates. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The new guidance was effective for the year ended December 31, 2019. We adopted these standards by recognizing the cumulative effect as an adjustment to opening retained earnings at January 1, 2019, under the modified retrospective method for contracts not completed as of the day of adoption. The cumulative impact of adopting Topic 606 on January 1, 2019 was an increase in retained earnings of $62 million. Under the modified retrospective method, we were not required to restate comparative financial information prior to the adoption of these standards and, therefore, such information presented prior to January 1, 2019 continues to be presented under previous accounting policies. The captions included within our statement of operations that were materially impacted by the change in basis of accounting include revenues and compensation expense. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

| (in thousands) | Year Ended December 31, 2020 | 2019 | 2018 |
|---|---|---|---|
| **Statements of Operations Data:** | | | |
| **Revenues** | | | |
| Commissions and fees | $ 799,177 | $ 629,284 | $ 507,997 |
| Investment income | 1,107 | 1,128 | 892 |
| Realized gains — net | 121 | 705 | 545 |
| Other income | 5,082 | 3,424 | 1,800 |
| Total revenues | 805,487 | 634,541 | 511,234 |
| **Expenses** | | | |
| Employee compensation and benefits | 479,724 | 377,636 | 307,136 |
| Other operating expenses | 101,803 | 92,068 | 76,093 |
| Amortization | 50,765 | 35,132 | 25,786 |
| Depreciation | 5,248 | 4,292 | 2,997 |
| Interest | 69,918 | 55,796 | 42,555 |
| Stock option expense | 22,235 | 18,495 | 9,156 |
| Change in estimated acquisition earnout payables | 1,966 | 1,279 | 12,463 |
| Total expenses | 731,659 | 584,698 | 476,186 |
| Income before taxes | 73,828 | 49,843 | 35,048 |
| Income taxes | 10,333 | 6,989 | 3,130 |
| Net income | 63,495 | 42,854 | 31,918 |
| Less net income attributable to noncontrolling interests | 38,572 | 30,435 | 22,681 |
| Net income attributable to BroadStreet Partners, Inc. | $ 24,923 | $ 12,419 | $ 9,237 |
| **Balance Sheet Data (at period end):** | | | |
| Cash and cash equivalents | $ 108,452 | $ 65,512 | $ 52,689 |
| Total assets | 2,457,497 | 1,804,815 | 1,337,841 |
| Long-term debt | 1,376,572 | 865,620 | 671,445 |
| Total liabilities | 2,030,702 | 1,406,073 | 1,068,792 |
| Total BroadStreet Partners, Inc.'s equity | 72,335 | 168,426 | 81,400 |
| Total equity | $ 426,796 | $ 398,742 | $ 269,049 |
| **Other Financial Data:** | | | |
| Acquisition Adjusted Revenue(1) | 864,730 | 661,658 | 577,969 |
| EBITDA(2) | 199,759 | 145,063 | 106,386 |
| Adjusted EBITDA(2) | 226,688 | 165,263 | 128,933 |
| Acquisition Adjusted EBITDA(2) | 245,748 | 176,004 | 148,116 |
| Acquisition Adjusted EBITDA Margin(2)(3) | 28.4% | 26.6% | 25.6% |
| Covenant EBITDA(2) | 245,186 | 175,618 | 146,280 |
| Capital expenditures(4) | 5,885 | 5,688 | 4,224 |
| Free Cash Flow(5) | 220,803 | 159,575 | 124,709 |
| Free Cash Flow Conversion(6) | 97% | 97% | 97% |

| **Selected Credit Data:** | **Year Ended December 31, 2020, as adjusted for the Transactions** |
|---|---|
| **(in thousands, other than ratios)** | |
| As adjusted total net debt[7] | $1,312,629 |
| As adjusted secured net debt[8] | 902,229 |
| Ratio of as adjusted total net debt to Covenant EBITDA[2][7][9] | 5.35x |
| Ratio of as adjusted secured net debt to Covenant EBITDA[2][8][10] | 3.68x |
| As adjusted total cash interest expense[11] | 67,532 |
| Ratio of Covenant EBITDA to as adjusted total cash interest expense[2][12] | 3.63x |

---

(1) We define Acquisition Adjusted Revenue as total revenues for the period adjusted to give effect to acquisitions of companies or businesses acquired by us during the applicable period, as if such acquisitions had been consummated on the first day of such period. Acquisition Adjusted Revenue is not a measurement of financial performance prepared in accordance with GAAP and has important limitations as an analytical tool. Any analysis of Acquisition Adjusted Revenue should be used only in conjunction with results presented in accordance with GAAP and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. See "Non-GAAP and Other Financial Measures."

The following table sets forth a reconciliation of Acquisition Adjusted Revenue to total revenues for the periods indicated.

| | **Year Ended December 31,** | | |
|---|---|---|---|
| **(in thousands)** | **2020** | **2019** | **2018** |
| Total revenues | $805,487 | $634,541 | $511,234 |
| Acquired revenues during year[a] | 59,243 | 27,117 | 66,735 |
| **Acquisition Adjusted Revenue** | **$864,730** | **$661,658** | **$577,969** |

---

(a) Represents the revenues of the various companies or businesses acquired by us during the relevant year, but only for portions of the period during which the companies or business were not owned by us. For more information on these acquisitions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Acquisitions." This amount is based on good faith estimates of management derived entirely from financial information provided by the management of the respective companies acquired in the relevant acquisition prior to our ownership and control of such companies. Accordingly, although we believe such information to be accurate, such information cannot be independently verified by our management, nor has such information been independently reviewed or audited. We cannot assure you that the financial statements of companies we have acquired or will acquire would not be materially different if such statements were audited. See "Risk Factors — Risks Related to Our Business — This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited."

(2) EBITDA, Adjusted EBITDA, Acquisition Adjusted EBITDA and Covenant EBITDA are not measurements of financial performance prepared in accordance with GAAP and have important limitations as analytical tools. Our calculations of these measures may differ under the Credit Agreement and the Indenture. See "Non-GAAP Financial Measures."

The following table presents a reconciliation of EBITDA, Adjusted EBITDA, Acquisition Adjusted EBITDA and Covenant EBITDA to net income for the periods indicated:

| | Year Ended December 31, | | |
|---|---|---|---|
| **(in thousands)** | **2020** | **2019** | **2018** |
| Net income | $ 63,495 | $ 42,854 | $ 31,918 |
| Interest | 69,918 | 55,796 | 42,555 |
| Income taxes | 10,333 | 6,989 | 3,130 |
| Depreciation | 5,248 | 4,292 | 2,997 |
| Amortization | 50,765 | 35,132 | 25,786 |
| **EBITDA** | **199,759** | **145,063** | **106,386** |
| Change in estimated acquisition earnout payables | 1,966 | 1,279 | 12,463 |
| Stock option expense[(a)] | 22,235 | 18,495 | 9,156 |
| Realized (gains) net | (121) | (705) | (545) |
| Other[(b)] | 4,094 | 854 | 1,233 |
| Keyman life insurance | (1,245)[(c)] | 277 | 240 |
| **Adjusted EBITDA** | **226,688** | **165,263** | **128,933** |
| Acquired EBITDA during year ended December 31[(d)] | 19,050 | 10,742 | 19,184 |
| **Acquisition Adjusted EBITDA** | **245,748** | **176,005** | **148,117** |
| Attributable obligations adjustment[(e)] | (562) | (389) | (1,837) |
| **Covenant EBITDA** | **$245,186** | **$175,616** | **$146,280** |

(a) Stock option expense represents non-cash charges, which increased significantly in the years ended December 31, 2019 and 2020 due to an increase in the multiple used for our internal valuation.

(b) Other adjustments primarily represent debt issuance costs that do not qualify for capitalization under GAAP, as well as transaction charges related to the redemption of a portion of Century's ownership and an acquisition that did not close.

(c) The negative adjustment in the year ended December 31, 2020 relates to collection of proceeds on a keyman life insurance policy.

(d) Represents the Adjusted EBITDA of the various companies or businesses acquired by us during the year ended December 31, 2020, but only for portions of the period during which the companies or business were not owned by us. For more information on these acquisitions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Acquisitions." This amount is based on good faith estimates of management derived entirely from financial information provided by the management of the respective companies acquired in the relevant acquisition prior to our ownership and control of such companies. Accordingly, although we believe such information to be accurate, such information cannot be independently verified by our management, nor has such information been independently reviewed or audited. We cannot assure you that the financial statements of companies we have acquired or will acquire would not be materially different if such statements were audited. See "Risk Factors — Risks Related to Our Business — This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited."

(e) We use a form of intercompany debt, which we refer to as "Attributable Notes," as part of the initial equity investments in the Core Agencies that we acquire and any follow-on tuck-in acquisitions. At the time of investment or acquisition, we downstream cash to the Core Agency in return for an Attributable Note that is issued to us. The debt service on such Attributable Note is payable to us and is additional cash flows available to service our debt obligations.

For purposes of calculating Covenant EBITDA, we reduce Acquisition Adjusted EBITDA for partially-owned restricted subsidiaries in the event that the Attributable Notes outstanding of such restricted subsidiaries are lower than the Acquisition Adjusted EBITDA of those restricted subsidiaries. Therefore, the Covenant EBITDA with respect to such restricted subsidiaries for any period is equal to the lesser of (i) the Acquisition Adjusted EBITDA of such restricted subsidiary for such period and (ii) (A) the Attributable Notes of such restricted subsidiary outstanding as of the last day of such period (if any) *plus* (B) the Issuer's ownership percentage of the Core Agency restricted subsidiary multiplied by the excess (if any) of (i) such restricted subsidiary's Acquisition Adjusted EBITDA, over (ii) such Attributable Notes.

See "Business — Our Acquisition Platform — Attributable Notes Structure" for further details relating to the Attributable Notes.

(3) We define Acquisition Adjusted EBITDA Margin as Acquisition Adjusted EBITDA as a percentage of Acquisition Adjusted Revenue. Acquisition Adjusted EBITDA Margin is not a measurement of financial performance prepared in accordance with GAAP and has important limitations as an analytical tool. See "Non-GAAP Financial Measures."

(4) Capital expenditures reflect purchases of property and equipment during the relevant period, as set forth in our consolidated statements of cash flows.

(5) We define Free Cash Flow as Adjusted EBITDA less capital expenditures. Free Cash Flow is not a measurement of financial performance prepared in accordance with GAAP and has important limitations as an analytical tool. See "Non-GAAP Financial Measures."

The following table presents a reconciliation of Free Cash Flow to Adjusted EBITDA for the periods indicated:

| | Year Ended December 31, | | |
|---|---|---|---|
| **(in thousands)** | **2020** | **2019** | **2018** |
| Adjusted EBITDA[(a)] | $226,688 | $165,263 | $128,933 |
| Capital expenditures | (5,885) | (5,688) | (4,224) |
| **Free Cash Flow** | **$220,803** | **$159,575** | **$124,709** |

(a) See footnote (2) above for a reconciliation of Adjusted EBITDA to net income, the nearest comparable GAAP measure.

(6) We define Free Cash Flow Conversion as Free Cash Flow as a percentage of Adjusted EBITDA. Free Cash Flow Conversion is not a measurement of financial performance prepared in accordance with GAAP and has important limitations as an analytical tool. See "Non-GAAP Financial Measures."

(7) As adjusted total net debt represents total debt (exclusive of unamortized discounts and deferred financing costs) less cash and cash equivalents as of December 31, 2020, in each case, as adjusted to give effect to the Transactions. See "Capitalization."

(8) As adjusted secured net debt represents total debt (exclusive of unamortized discounts and deferred financing costs) that is secured less cash and cash equivalents as of December 31, 2020, in each case, as adjusted to give effect to the Transactions. See "Capitalization."

(9) The as adjusted ratio of total net debt to Covenant EBITDA is determined by dividing total net debt by Covenant EBITDA, as adjusted to give effect to the Transactions. Our calculation of this ratio may differ under the Credit Agreement and the Indenture.

(10) The as adjusted ratio of secured net debt to Covenant EBITDA is determined by dividing secured net debt by Covenant EBITDA, as adjusted to give effect to the Transactions. Our calculation of this ratio may differ under the Credit Agreement and the Indenture.

(11) As adjusted total cash interest expense is calculated by adjusting total cash interest expense to give effect to the Transactions using the interest rate on the Senior Secured Credit Facilities and giving effect to the Transactions, including the issuance of the Notes offered hereby, as if such issuance had occurred on January 1, 2020.

(12) The ratio of Covenant EBITDA to as adjusted total cash interest expense is determined by dividing Covenant EBITDA by as adjusted total cash interest expense. Our calculation of this ratio may differ under the Credit Agreement and the Indenture.

# RISK FACTORS

*An investment in the Notes involves a significant degree of risk. You should carefully consider the following risk factors, together with all of the other information included in this offering memorandum, before you decide whether to purchase the Notes. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may impair our financial condition and business operations. If any of the following risks actually occur, our business's financial condition and operating results would suffer. The ongoing COVID-19 pandemic may also have the effect of heightening many of the risks described in this "Risk Factors" section, such as those relating to our substantial level of indebtedness, our future capital needs, our need to generate sufficient cash to service our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in those forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements."*

**Risks Related to our Business**

***The impact of COVID-19 and related risks could materially affect our operating results, financial position and/or liquidity.***

In December 2019, a novel strain of coronavirus surfaced and has spread to many countries, including the United States. The resulting disease, COVID-19, has been declared a pandemic by the World Health Organization. The global outbreak of COVID-19 has created significant volatility, uncertainty and economic disruption. Although our business so far has not been materially adversely impacted by the COVID-19 pandemic, any resurgences in COVID-19 cases throughout the United States could result in new and more restrictive lockdown or shelter-in-place orders than before, which could adversely impact our operations. In addition, although we were able to take advantage of certain tax advantages under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), we cannot assure you that we will be entitled to similar future federal relief, or that any such federal relief will be enacted in response to subsequent "waves" of the COVID-19 virus. The extent to which COVID-19 will impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the ultimate geographic spread and severity of COVID-19; the duration of the pandemic; business closures, travel restrictions, social distancing and other actions taken to contain and treat COVID-19; the effectiveness of vaccines and other actions taken to contain and treat the virus; the prevalence of variants of the COVID-19 virus; the impact of the pandemic on economic activity; the extent and duration of the effect on customer demand and buying patterns; and any impairment in value of our tangible or intangible assets which could be recorded as a result of weaker economic conditions. In addition, if the pandemic continues to create disruptions or turmoil in the credit or financial markets, or impacts our credit ratings, it could adversely affect our ability to access capital on favorable terms and continue to meet our liquidity and any acquisition financing needs, all of which are highly uncertain and cannot be predicted.

As the COVID-19 pandemic and any associated protective or preventative measures continue to spread in the United States, Canada and around the world, we may experience disruptions to our business. Risks presented by the ongoing effects of COVID-19 include the following:

- *Customers.* Our customers could choose to limit purchases of insurance and services due to declining business conditions, cessation of their business operations on a temporary or permanent basis and a reduction in our customers' insurable exposure units, all of which would inhibit our ability to generate commission revenue and other revenue.
- *Organic Growth.* The impact of COVID-19 may negatively affect our business and, in particular, our organic growth. We believe that in-person meetings are important to enabling us to establish new and maintain existing client relationships, as well as effectively cross-sell and further develop our existing lines of business. The degree of the impact will depend on the extent

and duration of "shelter-in-place" and lockdown measures as well as any economic contraction resulting from the pandemic.

- *Mergers and Acquisitions.* A significant component of our growth strategy includes growth through acquisitions, and a key component of successfully completing acquisitions is to meet with the principals of our acquisition targets. COVID-19 has and will continue to limit our ability to hold in-person meetings, which may make acquisitions more difficult to complete. Additionally, the number of sellers willing to sell in the current environment could be lower and limit the number of acquisition opportunities.
- *Administrative Expenses.* Certain of our expenses, such as real estate and office leases, are fixed and will continue regardless of the level of activity or employee base.
- *Timing of Receipt of Commissions and Fees.* Many carriers, as well as state and provincial departments of insurance, have granted delays in making insurance premium payments. The timing of when we receive our commissions and fees could be delayed as a result.
- *Adverse Legislative and/or Regulatory Action.* Federal, state and local government actions to address and contain the impact of COVID-19 may adversely affect us. For example, insurers are subject to legislative and/or regulatory action that seeks to retroactively mandate coverage for losses. Currently, in some states there is proposed legislation to require insurers to cover business interruption claims. In addition, a number of states have instituted, and other states are considering instituting, changes designed to effectively expand workers' compensation coverage by creating presumptions of compensability of claims for certain types of workers. At least one state regulator has issued an order requiring insurers to issue premium refunds, and regulators in other states could take similar actions. As a result of the various impacts on insurers, we may have lower commissions and fees, including contingent and guaranteed supplemental commissions. It is also possible that changes in economic conditions and steps taken by Federal, state and local governments in response to COVID-19 could require an increase in taxes at the Federal, state and local levels, which would adversely affect our operational results.
- *Operational Disruptions and Heightened Cybersecurity Risks.* Our operations could be disrupted if key members of our senior management, top producers, or a significant percentage of our workforce or the workforces of our insurers or suppliers are unable to continue to work because of illness, government directives or otherwise. In addition, the interruption of our or their operational capabilities could result in a deterioration of our ability to process new and renewal business, provide customer service, or perform other necessary business functions. Having shifted to remote working arrangements, we also face a heightened risk of cybersecurity attacks or data security incidents and are more dependent on internet and telecommunications access and capabilities. If we experience difficulties with technology, data, and network security (including as a result of cyber-attacks), outsourcing relationships or cloud- based technology, our ability to conduct our business could be negatively impacted.

In addition, the effects of the COVID-19 pandemic could result in continued macroeconomic volatility. Specifically, a decrease or halt in economic activity in large geographic areas could adversely affect the administration of our business and the marketing of our products and services within such geographic areas, which in turn could have an adverse effect on our business, operations and financial condition.

These and other disruptions related to COVID-19 could materially and adversely affect our business, financial condition, operating results, and cash flows. In addition, COVID-19 may exacerbate the other risks described below.

***We may experience unexpected fluctuations in our commission revenues because our commissions depend on premium rates charged by insurance carriers, which we do not control and which historically have varied and have been difficult to predict. This may negatively impact our revenue, operating results, and cash flows.***

We derive revenues principally from commissions paid by insurance carriers. For the year ended December 31, 2020, we derived approximately 94% of our total revenues from commissions paid by insurance carriers on the sale of insurance products to our retail and wholesale clients. Such commissions paid to us are calculated based upon a percentage of premiums paid to insurance carriers by customers for insurance products that we place and therefore any decreases in premium rates may materially adversely affect our results of operations. The potential for changes in premium rates is significant, due to pricing cyclicality in the insurance market. We have no control over the premium rates on which our commissions are calculated because premium rates are determined by insurance carriers based on a number of factors, including the relative underwriting capacity of the insurance industry, economic conditions, prevailing legislation, historical and expected loss experiences, capital availability, and the availability of alternative insurance products, such as governmental benefits and self-insurance plans, to consumers. In addition, P&C premium rates have historically been cyclical. The amount of commissions we earn is therefore highly dependent on factors beyond our control.

Because we cannot determine the timing or extent of premium pricing changes, we cannot accurately forecast our commission revenues, including whether they will decline. If premiums decline or commission rates are reduced, our revenue, results of operations and cash flows could be negatively impacted. As a result, we may have to adjust our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments, and other expenditures to account for unexpected changes in revenues.

***Contingent commissions paid by insurance carriers are less predictable than core commissions, which impairs our ability to predict the amount of such commissions that we will receive.***

We derive a portion of our revenues from contingent commissions paid by insurance carriers. Contingent commissions are special revenue-sharing commissions paid by insurance carriers based upon the overall underwriting results, volume and/or growth of the business placed with such insurance carriers during the prior year. We primarily receive these commissions in the first half of each year because they are calculated and paid in the year following the year in which the premium is generated. For the year ended December 31, 2020, we derived approximately 8% of our total revenues from such contingent commissions.

Due to the inherent uncertainty of loss in our industry and potential changes in underwriting criteria if insurance carriers experience high loss ratios, we cannot predict the timing and amount of these profit-sharing contingent commissions. Further, we have no control over the process by which insurance carriers estimate loss reserves, which affects our ability to make profit-sharing calculations. If we are unable to meet insurance carriers' profit or volume goals, or if insurance carriers increase their estimate of loss reserves over which we have no control, actual payments we receive may be less than anticipated. Any decrease in profit-sharing contingent commissions may adversely affect the results of our operations, cash flows, and our financial condition.

***Our business and results of operations depend on decisions and actions by insurance carriers and trends in the general insurance industry, which are beyond our control.***

Our results of operations depend on the continued capacity of insurance carriers to underwrite risk and provide coverage, which in turn, is significantly dependent on insurance carriers' ability to procure reinsurance. We have no control over these matters. For example, there have been changes in the reinsurance market making it more difficult for insurance carriers to obtain reinsurance coverage for life insurance, resulting in changes to the design and pricing of universal life insurance policies that may reduce their attractiveness to clients. To the extent that reinsurance becomes scarce, we may not be able to procure the amount or type of coverage that our customers desire, and the coverage we are able to procure may be more expensive or limited. In addition, if a significant insurer fails or withdraws from writing certain lines of coverage that we offer to our clients, we could lose clients or be unable to place insurance, and our revenues would be adversely affected. For the year ended December 31, 2020, no single carrier accounted for more than 6% of our Acquisition Adjusted Revenue, with the top ten carrier relationships representing approximately 28% of Acquisition Adjusted Revenue over that same period. In addition, traditional risk-bearing insurance carriers have, in the past, outsourced, and will likely continue to outsource, the production of premium revenue to non-affiliated insurance brokers or agents such as us. In order to further reduce their expenses, these insurance carriers may seek to reduce the commission rates payable to non-affiliated insurance brokers or agents. The reduction of these commission rates, in addition to general volatility and/or declines in premiums, may significantly affect our profitability. The general level of economic activity can have a substantial impact on our revenue, which is difficult to predict.

Total insurance volumes have historically been influenced by the state of the overall economy, which are influenced by a variety of factors, including the COVID-19 pandemic and changes in U.S. trade policy or increases in tariffs that result in a trade war. The specific impact of the economy on our operations can be difficult to predict. When our clients are adversely impacted by declining economic or business conditions, they may reduce their purchases of insurance and risk advisory services in order to reduce expenses. In addition, reductions in our clients' headcount, payroll, properties, and the market values of assets could also adversely impact our commission revenue. Similarly, our employee benefits business may be adversely impacted as companies downsize and reduce headcounts and payrolls, and therefore reduce insurance coverage or increase their deductibles. In addition, an increase in the number of insolvencies associated with an economic downturn, especially insolvencies in the insurance industry, could adversely affect our brokerage business through the loss of clients or by hampering our ability to place insurance business. Conversely, when the economy is strong, insurance coverage typically increases as payrolls, inventories, and other insured risks increase, and therefore insurance commissions would also be expected to increase. However, the higher commission revenue we generally would expect to see in a strong economic period may not necessarily occur, as any increase in the volume of insurance business may be offset by premium rates that have declined in response to increased competitive and loss conditions, among other factors. Further, our business is also impacted by general trends in the insurance industry, such as the growing availability of alternative methods for clients to meet their risk-protection needs. Employers have demonstrated a greater willingness to "self-insure," including the use of captive insurers and capital markets-based solutions as a substitute for traditional insurance and reinsurance needs, which in turn could reduce the demand for the products and services we sell.

***We face significant competition and if we are unable to compete effectively, we may lose market share and our business may be materially adversely affected.***

We face competition in all markets in which we operate, primarily based on product breadth, innovation, quality of service, and price. We compete with a number of insurance brokerages who may have greater resources than we do and as a result, these competitors may be able to identify trends more quickly or withstand an economic downturn and/or declining premium rates better than we do. In addition, over the last several decades, large insurance brokerages, new private equity-backed brokerages, and publicly traded companies in the financial services industry have been acquiring small- to medium-sized independent brokerages to offer insurance products and services and to strengthen their market share. Some insurance carriers are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to agents and brokers on policies they sell directly. If we are unable to compete effectively, we will suffer a loss of market share, decreased revenue, and reduced operating margins. Furthermore, competition may reduce the fees that we can obtain for services provided, which would also have an adverse effect on revenue and margins.

In certain markets we compete directly with locally owned insurance brokerages and privately-owned regional insurance brokerages. Since relationships between insurance brokerages and insurance carriers or customers are often local or regional in nature, we may be competitively disadvantaged in areas in which we do not have a significant local or regional presence.

Furthermore, recent technological advancements have resulted in increased competition from Internet-based specialty insurance brokerages that specialize in niche insurance markets and may be able to offer better pricing due to their lower cost structure. There has also been an increase in alternative insurance markets, such as self-insurance, captive insurance (i.e., arrangements where the policyholder owns the insurance company), rent-a-captive arrangements, risk retention groups, and non-insurance capital markets-based solutions. While we compete in these segments on a fee-for-service basis, we cannot be certain that such alternative markets will provide the same level of profitability as traditional insurance markets.

***If our clients or third parties are not satisfied with our services, we may face additional cost, loss of profit opportunities, and damage to our reputation or legal liability.***

We depend, to a large extent, on our relationships with our clients and our reputation for understanding their needs and delivering high-quality risk management solutions. If a client is not satisfied with our services, it could cause us to incur unanticipated costs, which would thereby impair our profitability. Many of our clients are businesses that band together in industry groups and/or trade associations and actively share information among themselves about the quality of service they receive from their vendors. Accordingly, poor service to one client may negatively impact our relationships with other clients. Moreover, if we fail to meet our contractual obligations, we could be subject to legal liability or loss of client relationships.

The nature of much of our work involves assumptions and estimates concerning future events, the actual outcome of which we cannot know with certainty in advance. Similarly, in our consulting business, we may be evaluated by clients based on our track record regarding judgments and advice that are susceptible to influences unknown at the time the advice was given. If our assumptions and estimates turn out to be inaccurate, a client may claim it suffered losses due to reliance on our advice and we could be exposed to liability, increased costs of defense, and insurance premiums, as well as negative publicity that could hurt our reputation and adversely affect our ability to secure new business.

***Our business is highly concentrated in certain states and adverse economic conditions or regulatory changes in these states could adversely affect our financial condition.***

A significant portion of our business is concentrated in California, Michigan, Georgia, Texas, Florida, Minnesota and New York. In particular, approximately 14% of business written by us is for customers located in California. The insurance business is primarily a state-regulated industry. While we believe the current regulatory environment for insurance intermediaries in these states is no more restrictive than in other states, because our business is concentrated in the states identified above, we face greater exposure to unfavorable changes in regulatory conditions in those states than insurance intermediaries whose operations are more diversified through a greater number of states. In addition, the occurrence of adverse economic conditions, natural or other disasters, including the COVID-19 pandemic, or other circumstances specific to or otherwise significantly impacting these states could adversely affect our financial condition, results of operations and cash flows. Many of the states in which we operate have declared a “state of emergency” or made similar decrees in response to COVID-19.

***We may be unsuccessful in identifying and acquiring suitable acquisition candidates, which could impede our growth and ability to remain competitive in our industry.***

Maintaining our current pace of growth is primarily dependent on our ability to successfully acquire insurance brokerages in new and existing markets. However, we may not successfully identify suitable acquisition candidates or there may not be any prospective acquisition candidates. In addition, we may not be able to successfully complete an acquisition after identifying a candidate. We sometimes compete for acquisition and expansion opportunities with entities that have greater financial resources or are otherwise willing to pay more than us. We face higher risks if our acquisition strategy requires us to seek additional financing, as our ability to obtain additional financing on satisfactory terms and conditions will depend upon a number of factors, many of which are beyond our control, including the effects of the COVID-19 pandemic.

While we follow a co-ownership model with the Core Agencies that we acquire, our tuck-in acquisitions are generally 100% asset purchases by the Core Agencies and, as such, even after a successful acquisition, we may be unable to properly integrate such tuck-in businesses with our existing Core Agencies, or the acquired tuck-in business may not perform in accordance with the projections that informed the purchase price. The integration of an acquired tuck-in business involves a number of factors that may negatively affect our Core Agency operations, including, but not limited to:

- distraction of management or lack of leadership within the acquired tuck-in business to succeed retiring leaders;
- significant costs and difficulties, including:
  - implementing or remediating controls, procedures, and policies at the acquired company;
  - integration of the acquired company's accounting, human resource, and other administrative systems;
  - coordination of product, sales, and marketing functions; and
  - transition of operations, users and customers onto our existing platforms;
  - retention of key personnel;
- tax and accounting issues, including the creation of significant future contingent liabilities relating to earn-outs for acquisitions or other financial liabilities; and
- unanticipated problems or legal liabilities.

Although we conduct due diligence with respect to the business and operations of each of the Core Agencies or tuck-in businesses we acquire, we may not have identified all material facts. Unanticipated events or liabilities could have a material adverse effect on our operating results, financial condition, and cash flow. Furthermore, once we have acquired a Core Agency or tuck-in business, it may not achieve the same levels of revenue, profitability, or productivity as our existing business, or otherwise perform as expected. This may require, and in the past has required in certain cases, changes to the economic relationship between the Issuer and the management of such Core Agency.

While we expect that our acquisitions will improve our competitiveness and profitability, we cannot assure you that past or future acquisitions will be accretive to earnings or otherwise meet our operational or strategic expectations. In addition, due in part to the decentralized nature of our operations, once we have acquired a business, we may not be able to effectively monitor its progress. Our failure to successfully acquire and integrate businesses may cause us to fail to realize the anticipated benefits of such acquisitions or investments, cause us to incur unanticipated liabilities, and/or harm our business generally, which may have an adverse effect on our revenue, operating results, financial condition, and cash flow.

***Improper disclosure of confidential information could negatively impact our business.***

We have access to confidential and proprietary information, primarily relating to current and prospective clients, potential acquisition targets, as well as personal data of our employees and employees of our clients. We are responsible for maintaining the security and privacy of this information. We depend on computer systems, software, networks and other technology assets to access, process and store information about our clients, some of which is private and subject to regulatory requirements. Although we have put in place certain safeguards designed to protect the security and privacy of this information, our systems may be vulnerable to physical break-ins, computer viruses, attacks by hackers, employee or contractor malfeasance, human error and similar intrusions. Additionally, in response to the ongoing COVID-19 pandemic, we implemented temporary adjustment of work schedules, allowing employees to work from home and adopt remote collaboration. As a result of these measures, and as our employees continue to work from home and access our systems remotely, we may be subject to heighted information security risks, including the risk of cyber attacks. Further, we cannot entirely eliminate the related costs associated with or incurred us to mitigate the consequences from such security and privacy incidents. If our systems or facilities were infiltrated or damaged or if we were unable to prevent unauthorized account access and transactions, our clients could experience data loss, financial loss and significant business interruption leading to a material adverse effect on our business, financial condition and results of operations. We may be required to expend significant additional resources to remedy, modify protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications to stakeholders, regulators, media and impacted individuals. The use of electronic communications, mobile technologies and social media by employees, clients and third parties, and the speed at which information can be widely distributed, increases the risks associated with the intentional or unintentional distribution of confidential, sensitive, or proprietary information and personal information, and the potential for unauthorized access and transactions.

Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not discovered until they have been launched against a target. Our third-party contractors who handle information also may experience security breaches involving the storage and transmission of proprietary and sensitive personal information. If unauthorized parties gain access to our services or our networks or databases, they may be able to steal, publish, delete or modify our private and sensitive third-party information. In such circumstances, we may be held liable to our clients, or be subject to regulatory actions for breaching privacy rules, which could result in litigation, civil penalties, government investigations or adverse publicity that could have a material adverse effect on our business and reputation.

We are subject to laws, regulations and contractual obligations relating to the collection, use, retention, disclosure, security and transfer of personal information and confidential, sensitive or proprietary data. Our own actual or perceived failure, or the failure of third-party vendors with whom we do business, to comply with these obligations could harm our business. Privacy laws and regulations are continuously changing and often are inconsistent among the jurisdictions in which we operate. Federal and state legislators are proposing new and more robust cybersecurity legislation in light of the recent broad-based cyberattacks at a number of companies. For example, the New York State Department of Financial Services adopted the Cybersecurity Requirements for Financial Services Companies (“NYS Cyber Regulation”) which became effective March 1, 2017. The NYS Cyber Regulation applies to those of our subsidiaries and personnel licensed as insurance agents in New York by expanding obligations and imposing specific requirements for cybersecurity efforts. In addition, the National Association of Insurance Commissioners finalized the Insurance Data Security Model Law (the “NAIC Model Law”) in 2017, which is based largely on the NYS Cyber Regulation. Once adopted by the various states, the NAIC Model Law will establish significant requirements for insurance industry licensees. The California Consumer Privacy Act (“CCPA”), which took effect on January 1, 2020, is a further example of the increasing costs of privacy compliance our business faces and the potential for increased liability in the event of noncompliance or a data breach. Under the CCPA, California residents have a number of new rights that are enforceable by the California Attorney General (for example, rights to access and deletion of personal information), as well as a private right of action in the event of a data breach. The CCPA provides an exemption for personal information collected, processed, sold or disclosed pursuant to the Gramm-Leach-Bliley Act, the main federal privacy law governing financial institutions. Given this exception, we are largely exempt from many of the requirements of the CCPA. However, the California Privacy Rights Act, which is intended to augment and expand the CCPA, was passed by California voters during the November 2020 election, and many other states have passed or are considering similar laws to the CCPA. These initiatives and changing regulations could increase the cost of developing, implementing or securing our servers, software applications and cloud storage and requires us to allocate more resources to improved cybersecurity technologies, adding to our IT and compliance costs. Our failure to adhere to or successfully implement procedures to respond to these requirements could result in legal liability or impairment to our reputation. Additionally, if we expand our international operations, we will be subject to additional cost and complexity of compliance, and the associated risks of noncompliance, with data privacy and data security laws, regulations and contractual obligations.

***Changes in economic conditions could result in instability for financial institutions that hold our operating and trust cash and cash equivalents, which could have a negative impact on our operating results, financial condition and cash flow.***

As an insurance broker, we collect premiums paid by clients and hold such cash, net of our earned commissions and other deductions, in trust until we remit the cash to the applicable insurance carriers that provide coverage to our clients. Our operating and trust cash balances are held at financial institutions and are generally invested in money market accounts, depository accounts or federal securities and, in some cases, are in excess of U.S. Federal Deposit Insurance Corporation limits. While we believe that the financial institutions, and corresponding instruments in which our trust cash assets are primarily held, are secure, there can be no assurance that these financial institutions would be viable in the event of a systemic failure of the global banking infrastructure. If our access to operating and trust cash balances is temporarily or permanently limited, we may experience a significant liquidity problem and a material adverse impact on our business, including potential disciplinary action, criminal penalties, fines, damage to our reputation, and financial harm resulting from our failure to satisfy fiduciary regulatory requirements with respect to trust cash balances.

***A substantial portion of our total assets is represented by goodwill and other intangible assets and may be further increased as a result of future acquisitions and, under accounting standards, we may be required to write down the value of our goodwill and other intangible assets.***

A significant portion of our purchase price and the purchase price for insurance brokerages that we have acquired has been allocated to goodwill and intangible assets. The amount of purchase price allocated to goodwill is determined as the excess of the purchase price over the fair market value of identifiable net assets acquired.

Under GAAP, we are required to conduct an annual impairment test of goodwill and indefinite-lived intangible assets. We conduct impairment testing at the reporting unit level. Deterioration in our operating results, including the loss of a significant client or clients, could result in an impairment of goodwill or indefinite-lived intangible assets, which would result in us having to record an impairment charge to write-down the fair value of goodwill or indefinite-lived intangible assets. In addition, GAAP requires us, on an ongoing basis, to evaluate our definite-lived intangible assets for any indicators of impairment. If we were to identify an indicator of impairment we may have to record an impairment charge to write-down the fair value of the definite- lived intangible asset.

Further, the method to compute the amount of impairment incorporates quantitative data and qualitative criteria, including new information and judgments that can dramatically change the decision about the valuation of an intangible asset in a very short period of time. The timing and amount of realized losses reported in earnings could vary if management's conclusions were different. Such impairment charges could adversely affect our net earnings, operating results, or financial position.

***Government regulation and resulting market dynamics relating to the group health plans we sell, could negatively affect our operating results and cash flows.***

From time to time, new regulations are enacted, or existing requirements are changed, and it is difficult to anticipate how such regulations and changes will be implemented and enforced. During 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act (together, the "2010 Health Care Reform Legislation") were signed into law. The 2010 Health Care Reform Legislation, among other things, increased the level of regulatory complexity for companies that offer health and welfare benefits to their employees. As an employee benefits broker, we provide our clients with access to group health insurance products and services, as well as advice on benefit plan design. Therefore, our clients are impacted by the 2010 Health Care Reform Legislation. We continue to evaluate the necessary steps for compliance with regulations as they are enacted. If, however, we are unable to adapt our services to changes resulting from this law and any subsequent healthcare regulations, our ability to grow our business or to provide effective services will be negatively impacted. Other legislative developments that could adversely affect us include federal and state governments establishing programs to provide health or property insurance that competes with, or completely replaces, the products offered by insurance carriers. In addition, if our clients reduce the role or extent of employer sponsored health care in response to this law, it could have a material effect on the profitability or marketability of the health insurance products and services we sell and on our business, operating results, financial condition, and cash flows.

Furthermore, certain employee benefit products we sell receive favorable tax treatment, such as the deductibility of expenses related to health insurance plans, the tax-free build-up of cash values, and the tax-free nature of death benefits from life insurance products. A change in the tax treatment associated with such plans or products, or adverse determinations or guidance by the Internal Revenue Service related to such plans or products, could affect the demand for employee benefits products and thereby adversely impact our business and operating results.

In addition, the business practices and compensation arrangements of the insurance intermediary industry have, from time to time, come under scrutiny by various governmental authorities due to the potential for conflicts of interest. Potential conflicts of interest can arise in the insurance intermediary industry in a number of scenarios, including: (i) when an intermediary is compensated by two parties in connection with the same or similar transactions, whether relating to profit-sharing, contingent commissions arrangements, or otherwise; or (ii) when an intermediary is potentially incentivized to steer a client towards a product or a carrier that provides a better compensation arrangement to the intermediary. The legislatures and insurance departments of many states have adopted various laws and regulations addressing contingent commission arrangements, and may in the future adopt new laws and regulations, including laws prohibiting or addressing disclosure such arrangements. In the past there have been governmental inquiries and investigations into the insurance industry's commission payment practices, including practices similar to ours. Further, some insurance companies have agreed with regulatory authorities to end the payment of contingent commissions on insurance products. If our clients seek alternatives to our products and services and/or determine they will no longer make payments of contingent commissions to us, our business and operating results will be adversely affected.

While we cannot predict the outcome of any potential future governmental inquiries and investigations, or the responses by the market and regulators, as well as any new laws or regulations that may be enacted, any unfavorable resolution of these matters could adversely affect our operating results. Such new laws and regulations or resolution of any governmental inquiries or investigations could have a material adverse effect on our business and, in particular, could lead to a decrease in our contingent commissions, which would have a material adverse impact on our financial position, operating results and cash flows.

***Our business, operating results, financial condition or liquidity may be materially adversely affected by errors and omissions and the outcome of certain actual and potential claims, lawsuits and proceedings.***

We are subject to various actual and potential claims, lawsuits, and other proceedings relating principally to alleged errors and omissions in connection with the placement or servicing of insurance. Since we often assist customers with matters involving substantial amounts of money, including the placement of insurance and the handling of related claims, error and omission assertions against us may arise alleging potential liability for all or part of the amounts in question. Claimants may seek large damage awards, and these claims may involve significant legal and defense costs. Such claims, lawsuits and other proceedings could, for example, include assertions for damages based on allegations that our employees or sub-agents improperly failed to procure coverage, report claims on behalf of customers, provide insurance carriers with complete and accurate information relating to the risks being insured, or appropriately apply funds that we hold for our customers on a fiduciary basis. As a result of the COVID-19 pandemic, we believe that there could be an increase in the number of such claims, lawsuits, and other proceedings relating to business interruption insurance, especially if the insurance coverage in question is found to not include business interruptions resulting or arising from a pandemic.

While most of the errors and omissions claims made against us have been covered by our professional indemnity insurance (subject to our deductibles), our operating results, financial condition and liquidity may be adversely affected if, in the future, our insurance coverage proves to be inadequate or unavailable, or if there is an increase in liabilities for which we self-insure. In the future, our ability to obtain professional indemnity insurance in the amounts and with the deductibles we desire may be adversely impacted by general developments in the market for such insurance or our own claims experience. In addition, claims, lawsuits, and other proceedings may harm our reputation or divert management resources away from operating our business.

***We could fail to maintain an effective system of internal controls and, consequently, may not be able to accurately meet our reporting obligations.***

Although we have devoted management and financial resources to enhance our internal control over financial reporting, all internal control systems, no matter how well designed, have inherent limitations. Even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of changing conditions, such as the integrations of acquisitions and the effects of the COVID-19 pandemic, the effectiveness of our internal controls may vary over time and we must continue to maintain and upgrade our internal controls. Significant costs are involved with maintaining our technology and internal control infrastructure. If we are unable to efficiently and effectively maintain and upgrade our system safeguards, we may incur unexpected costs and certain of our internal controls may become ineffective or vulnerable. Any failure in the effectiveness of our internal control over financial reporting could have a material effect on our financial reporting, which could negatively impact our ability to execute our business strategy and our ability to deliver accurate and timely financial information.

We are not currently required to evaluate our internal controls over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002 and we do not intend to voluntarily comply with these requirements. Consequently, we may have other deficiencies in our internal controls that we are not able to detect. As a result, investor confidence in our financial reports could decline, and the trading price of the Notes could be adversely impacted.

***We are subject to legal proceedings that could result in an unfavorable outcome for us and have a material adverse effect on our business, operational results or financial condition.***

We are and may be subject to a number of claims, regulatory actions and other proceedings that arise in the ordinary course of business. We cannot, and likely will not be able to, predict the outcome of these claims, actions, and proceedings with certainty. An adverse outcome in connection with one or more of these matters could have a material adverse effect on our business, operating results, or financial condition in any given quarterly or annual period. In addition, regardless of monetary costs, these matters could have a material adverse effect on our reputation and cause harm to our carrier, customer or employee relationships, or divert personnel and management resources.

While we currently have insurance coverage for some of these potential liabilities, other potential liabilities may not be covered by insurance, insurers may dispute coverage, or the amount of our insurance may not be enough to cover the damages awarded. In addition, some types of damages, like punitive damages, may not be covered by insurance. Insurance coverage for all or some forms of liability may become unavailable or prohibitively expensive in the future.

***We compete in a highly regulated industry, which may result in increased expenses or restrictions on our operations.***

We are subject to legal requirements and governmental regulatory supervision in the United States and in each state in which we conduct business. The laws of the various state jurisdictions establish supervisory agencies with broad administrative powers with respect to, among other things, licensing of entities to transact business, licensing of agents, admittance of assets, regulating premium rates, approving policy forms, regulating unfair trade and claims practices, establishing reserve requirements and solvency standards, requiring participation in guarantee funds and shared market mechanisms, and restricting payment of dividends. In addition, although the federal government does not directly regulate the P&C insurance industry, we are also subject to federal legislation and administrative policies in several areas, including, among others, employee benefit plan regulation, Medicare, age, race, disability, and sex discrimination that affect the insurance industry generally.

Although we believe that we are in compliance in all material respects with applicable local, foreign, state and federal laws, rules and regulations, there can be no assurance that more restrictive laws, rules or regulations will not be adopted in the future that could make compliance more difficult or expensive. For instance, several laws and regulations adopted by the federal government, including the Gramm-Leach-Bliley Act and the Health Insurance Portability and Accountability Act of 1996, have created additional administrative and compliance requirements for us. In addition, recently adopted federal financial services modernization legislation could lead to additional federal regulation of the insurance industry in the coming years, which could result in increased expenses or restrictions on our operations.

Although the scope of regulation and form of supervision by these authorities may vary from jurisdiction to jurisdiction, insurance laws in the United States are often complex and generally grant broad discretion to supervisory authorities in adopting regulations and supervising regulated activities. This supervision generally includes the regulation and licensing of insurance carriers, intermediaries, and others making available insurance products or services; the regulation of financial solvency of insurance carriers, including by establishing reserve requirements and requiring participation in guarantee funds and shared market mechanisms; the regulation of unfair trade and claims practices, including the handling and permitted investment of client funds held in a fiduciary capacity by industry participants; and the regulation of market conduct, including compensation arrangements between intermediaries, on the one hand, and carriers and clients, on the other hand. These activities may result in the enactment of insurance-related laws and regulations, or the issuance of interpretations of existing laws and regulations that adversely affect our business. Our ability to conduct our business in the jurisdictions in which we currently operate depends on our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these jurisdictions. More restrictive laws, rules or regulations may be adopted in the future that could make compliance more difficult and expensive.

Further, we are subject to the Foreign Corrupt Practices Act of 1977 and other anti- corruption laws and regulations in the jurisdictions in which we operate, which generally prohibit companies and their intermediaries from providing anything of value to foreign officials and other officials for improper purposes. We are also subject to economic sanctions and embargo laws and regulations, including those administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control and other applicable sanctions authorities of the jurisdictions in which we operate. Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, there can be no assurance that we will be in compliance in the future, and failure to comply with these laws and regulations could negatively impact our business, our results of operations and our financial condition. Failure to comply with these laws (either due to our own acts or our inadvertence, or due to acts or inadvertence of others, including employees of our third-party partners or agents) could result in civil and criminal penalties or other sanctions, significant internal investigation costs and/or reputational harm.

Our clients have the right to file complaints with regulators about our services, and these regulators may investigate and require us to address such complaints. Our failure to satisfy regulators that we are in compliance with regulatory requirements or the legal requirements governing our activities can result in disciplinary action, criminal penalties, fines, damage to our reputation and financial harm. In addition, changes in legislation or regulations and actions by regulators, including changes in administration and enforcement policies, could from time to time require operational improvements or modifications at various locations or information systems, which could result in higher costs or hinder our ability to operate our business.

***We are controlled by the Sponsors, and their interests may potentially differ in certain material respects from your interests.***

By reason of their direct and indirect majority ownership interest in the Issuer, OTPP and Century have the ability to designate five and one directors, respectively, to the Board of the Issuer. As a result, the Sponsors have designated a majority of the Board of the Issuer, which means that they have the power to control our affairs and policies. This includes amendments to our organizational documents and the approval of significant transactions, including mergers, sales of all or substantially all of our assets, the incurrence of indebtedness, any incurrence of liens on our assets, and other extraordinary transactions. You should be aware that the interests of the Sponsor may differ from yours in material respects. For example, the Sponsors may cause us to take actions or pursue strategies that they believe may enhance the value of their equity investment, but could impact our ability to make payments under the Indenture. In addition, to the extent permitted under the Indenture and the Credit Agreement, the Sponsors may cause us to pay dividends and advisory fees rather than make capital expenditures or repay debt.

The Sponsors are in the business of making investments in companies and may, from time to time in the future, acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours, or that may be complementary to our business. So long as affiliates of the Sponsors continue to own a significant amount of our outstanding equity, the Sponsors will be able to significantly influence or control our decisions.

***Our future performance depends on our ability to attract and retain management members and key personnel and any loss of such members or personnel could negatively impact our business.***

We are dependent upon the continued service and performance of Richard Miley, our founder and Chairman of the Board of Directors, Ken Kirk, Chief Executive Officer, and other members of the senior management team. If we are unable to hire and retain key management and sales professionals, our financial results may be negatively impacted. The insurance brokerage industry continues to experience intense competition for the services of leading individual brokers and brokerage teams, and we have occasionally lost key individuals and teams to competitors. If key sales professionals were to end their employment with us, or if we experience significant turnover among our key sales professionals, it could negatively affect the execution of our business strategy, disrupt our client relationships, and have a corresponding negative effect on our operating results and cash flows. Similarly, if for any reason members of our senior management do not remain with us, our operations could be adversely affected until suitable replacements with appropriate experience can be found. If we fail to recruit and retain top producers, our operating results, financial condition, and cash flows may be adversely affected.

Substantially all of our managers and sales professionals are subject to employment agreements containing post-employment restrictive covenants that prohibit the solicitation or acceptance of business for a reasonable period following employment. In the past, a few of these managers and sales professionals have challenged the enforcement of these restrictive covenants upon resignation or termination of their employment. Many state and federal court judges, particularly in California, have shown increasing reluctance to grant us equitable relief to prevent wrongful solicitation or acceptance of our business by these former producers. Additionally, some state legislatures in the states where we operate have introduced, and in some cases passed, state laws making it more difficult to enforce these restrictive covenants. These laws and the judicial interpretation of these laws are in constant flux and normally trend in a direction that makes enforcement more challenging. Conversely, we also face the risk when hiring key producers from competing agencies that they may be subject to post-employment restrictive covenants entered into with their former agencies.

The cost associated with employment litigation, as well as the potential loss of business to former sales professionals, could have a material adverse effect on our results of operations, financial condition and cash flows.

***Our corporate structure and strategy of operating through decentralized insurance brokerages may make it more difficult for us to become aware of and respond to adverse operating or financial developments at our Core Agencies.***

To implement and monitor our business plan and determine and report our operating results, we depend on timely and accurate reporting of business conditions, including legal, regulatory, and financial results from our brokerages. We have internal controls, infrastructure, and procedures in place to receive ongoing communications from our various regional management teams. However, if an adverse business or financial development occurs at one or more of our Core Agencies, or if one of our Core Agencies were to report inaccurate financial information, we may not become aware of the occurrence in a timely manner. As a result, this could make it more difficult for us to effectively respond to that development and could adversely affect our ability to mitigate our exposure and determine and report our financial results.

Although we maintain internal controls that allow us to oversee our operations, similar to other insurance brokerages, we are exposed to losses resulting from day-to-day decisions of the individuals who manage our Core Agencies. Such individuals maintain the primary relationship with clients and in some cases, vendors. Unsatisfactory performance by these individuals could hinder our ability to grow and could have a material adverse effect on our business. In addition, damage to our overall reputation can cause significant harm to our business and business prospects. Harm to our reputation can arise from numerous sources, including, among others, the actions of the individuals who manage our Core Agencies, employee misconduct, litigation or regulatory outcomes, failing to deliver on standards of service and quality, compliance failures, unethical behavior and the activities of clients and counterparties. A failure to maintain appropriate standards of service and quality, or a failure or perceived failure to treat customers and clients fairly, can result in client dissatisfaction, litigation and heightened regulatory scrutiny, all of which can lead to lost revenue, higher operating costs and harm to our overall reputation. Negative publicity may also result in lost revenue and harm to our business prospects and overall reputation.

***Changes in our accounting estimates and assumptions could negatively affect our financial position and results of operations.***

We prepare our consolidated financial statements in accordance with GAAP. These accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our consolidated financial statements. We are also required to make certain judgments that affect the reported amounts of revenue and expenses during each reporting period. Management uses estimates and assumptions in accounting for a number of significant matters including, but not limited to: commissions receivable from insurance companies, allowance for doubtful accounts and cancellation reserve, goodwill and other intangible asset impairment analyses, incremental cost to obtain, cost to fulfill customer contracts, useful lives of intangible assets, and the fair value of assets acquired, liabilities assumed and earnout payables recorded from acquisitions. We continually evaluate these estimates, which are based on historical experience and on assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for our judgments about the carrying values of the assets and liabilities for which values are not readily apparent from other sources. Actual results could differ from these estimates, which could materially affect our consolidated statements of operations, comprehensive income, financial position, shareholders' equity, and cash flows. Changes in accounting standards (such as new standards relating to revenue recognition and leases) could also have an adverse impact on our future consolidated financial statements. These changes can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Use of Estimates."

***We rely on third parties to provide services, and their failure to perform these services could do harm to our business.***

We rely on a number of third-party service providers. These providers include, but are not limited to, insurers, plan trustees and payroll service providers responsible for transferring funds to employees or on behalf of employees; providers of data and information, such as software vendors, health plan providers, investment managers and investment advisers, that we work with to provide information to clients' employees; and human resource functions such as recruiters and trainers employed by us. These service providers are located both domestically and off-shore. Failure by third-party service providers to perform in a timely manner, particularly during periods of peak demand, could cause us to be unable to deliver our services to our clients, result in contractual or regulatory penalties, liability claims from clients and/or employees, damage to our reputation, and harm to our business.

***If we are unable to recover from a disaster or other significant disruption to business continuity, including an interruption in information technology, it could have a material adverse effect on our operations including material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.***

Our ability to conduct business depends on our capacity to store, retrieve, process and manage centralized transaction systems and databases and periodically expand and upgrade our information processing capabilities. Interruption or loss of our information processing capabilities through loss of stored data, breakdown or malfunctioning of computer equipment and software systems, telecommunications failure or damage caused by fire, tornadoes, lightning and electrical power outages, disruptions caused by restricted physical site access, terrorist activities, material cybersecurity attacks, natural or man-made disasters, disease pandemics (including the COVID-19 pandemic), or other disruption at these centralized locations could adversely affect our ability to conduct business. Disruptions to our technology infrastructure could potentially cause us to lose client data or experience a material adverse interruption to our operations or delivery of services to our clients in a disaster recovery scenario, which could result in regulatory actions, reputational harm, damaged client relationships or legal liability. Although we have certain disaster recovery procedures in place and insurance to protect against such contingencies, such procedures may not be effective, and any insurance or recovery procedures may not continue to be available at reasonable prices and may not address all such losses or compensate us for the possible loss. Failure to successfully maintain our infrastructure to support our growth, or to implement appropriate disaster recovery procedures should we experience a disaster or other significant disruption to business continuity, could have a material adverse effect on our operations.

***If we are unable to apply technology effectively, our client relationships, product and service offerings, growth strategy, compliance programs, and operating results could be adversely affected.***

If we do not keep up with technological changes, our business and operating results could be adversely affected. In many of our business lines, our ability to remain competitive and differentiate our services to clients may in part depend on our ability to anticipate and respond effectively to a competitive landscape driven by the development and adoption of new technologies and methodologies. Our competitors are seeking to develop or incorporate technological solutions into their business, and their success may impact our ability to differentiate our services to our clients. Our future success depends, in part, on our ability to develop and implement technology solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards, client preferences, and internal control standards. We may not be successful in anticipating or responding to these developments in a timely and cost-effective basis and our ideas may not be accepted in the marketplace. Additionally, the effort to gain technological expertise and develop or implement new technologies in our business requires us to incur significant expenses. While we are devoting significant resources to investments in technology systems and infrastructure to support our growth strategy, our competitors may have greater financial resources than we do and may be able to develop or implement new technologies faster than we can. If we cannot effectively identify and develop or implement new technologies as quickly as our competitors, or if our competitors develop or implement more cost-effective technologies, we could experience a material adverse effect on our client relationships, growth strategy, compliance programs and operating results.

***This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited.***

The financial information included in this offering memorandum used to calculate Acquisition Adjusted Revenue and Acquisition Adjusted EBITDA with respect to the companies and businesses acquired by us during the applicable periods presented was prepared by the entities acquired pursuant to applicable accounting principles for such entities, which may differ from GAAP, and include results for the entities acquired prior to our ownership and control of them. Accordingly, although we believe such information to be accurate, such information cannot be independently verified by our management, nor has such information been independently reviewed or audited. We cannot assure you that that the financial statements of the entities we have acquired would not be materially different if such statements were audited. In addition, the results of any historical period are not necessarily indicative of the results that may be expected for any future period. See “Summary — Summary Consolidated Financial Data.”

## Risks Related to the Notes and our Indebtedness

***Our substantial level of indebtedness could adversely affect our financial condition and prevent us from making payments on the Notes and our other debt obligations.***

After giving effect to the Transactions, we will have a substantial amount of outstanding debt. As of December 31, 2020, on an as adjusted basis after giving effect to the Transactions, we would have had approximately $1,514 million of total debt outstanding, including, among other things, $400 million of the Notes offered hereby and $1,103 million of secured debt outstanding under the First Lien Term Loan Facility. We would also have had $250 million available for additional borrowings under the Revolving Credit Facility. We will also have available to us an incremental loan facility under the Senior Secured Credit Facilities that could increase our indebtedness thereunder.

Our substantial level of indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations;
- increase our vulnerability to adverse economic and industry conditions;
- limit our ability to obtain additional financing for future working capital, capital expenditures, raw materials, strategic acquisitions and other general corporate requirements;
- expose us to interest rate fluctuations because the interest on the debt under the Senior Secured Credit Facilities is imposed at variable rates;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow for operations and other purposes, including making cash available to us, by dividend, contributions, debt repayment or otherwise to enable us to make payments on the Notes;
- make it more difficult for us to satisfy our obligations to our lenders, resulting in possible defaults and cross-defaults on, and acceleration and cross-acceleration of, such indebtedness;
- limit our ability to refinance indebtedness or increase the associated costs;
- require us to sell assets to reduce debt or influence our decision about whether to do so;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate or prevent us from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins or our business; and
- place us at a disadvantage compared to any competitors that have less debt or comparable debt at more favorable interest rates and that, as a result, may be better positioned to withstand economic downturns.

In addition, the Indenture and the credit agreement governing our Senior Secured Credit Facilities (the "Credit Agreement") will contain restrictive covenants that will limit our and our subsidiaries' ability to engage in activities that may be in our long-term best interests.

***If we do not generate sufficient cash flows, we may be unable to service all of our indebtedness.***

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash, make scheduled payments on or refinance our debt obligations depends on our successful financial and operating performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of our control.

If our cash flow and capital resources are insufficient to fund our debt service obligations, including to repay the Senior Secured Credit Facilities or the Notes when they mature or become due, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets or operations, reducing or delaying capital investments or seeking to raise additional capital. Any refinancing of our debt could be at higher interest rates, may require us to comply with more restrictive covenants that could further restrict our business operations and our subsidiaries' ability to make cash available to us, by dividend, debt repayment or otherwise, to enable us to repay the amounts due under the Notes. Our ability to successfully implement any such alternative financing plans will be dependent on a range of factors, including general economic conditions, the level of activity in capital markets generally and the terms of our various debt instruments then in effect. In addition, the Senior Secured Credit Facilities will be secured by liens on substantially all of our and the Guarantors' assets, and any successor credit facilities are likely to be secured on a similar basis. As such, our ability to refinance the Notes, seek additional financing or our and our subsidiaries' ability to make cash available to us, by dividend, debt repayment or otherwise, to enable us to repay the amounts due under the Notes could be impaired as a result of such security interests and the agreements governing such security interests.

***We are a holding company and depend on our subsidiaries to generate sufficient cash flow to meet our debt service obligations, including payments on the Notes.***

We are a holding company and derive all of our operating income from our subsidiaries. All of our assets are held by our direct and indirect subsidiaries. We rely on the earnings and cash flows of our subsidiaries, which are paid to us by our subsidiaries in the form of dividends and other distributions or payments on intercompany indebtedness, including the Attributable Notes, to meet our debt service obligations, including payments on the Notes and the Senior Secured Credit Facilities. The ability of our subsidiaries to pay dividends or make other payments or distributions to us will depend on their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization (which may limit the amount of funds available for the payment of dividends and other distributions to us), the terms of existing and future indebtedness and other agreements of our subsidiaries, the Senior Secured Credit Facilities, the terms of the Indenture and the covenants of any future outstanding indebtedness we or our subsidiaries incur.

In particular, we use Attributable Notes to enable our management teams to fund their initial equity investments in the Core Agencies that we acquire and any follow-on tuck-in acquisitions. At the time of investment or acquisition, we loan an amount in return for an Attributable Note that is issued to the Issuer. The debt service on such Attributable Note is payable to the Issuer, and we include such amounts in our calculation of Acquisition Adjusted EBITDA. See "Business — Our Acquisition Platform — Attributable Notes Structure" for further details.

The Attributable Notes issued by the Guarantors to the Issuer are pledged as collateral to secure the Issuer's obligations as borrower under the Senior Secured Credit Facilities. Therefore, the obligations of the Issuer under the Notes issued hereby will be effectively subordinated to the Senior Secured Credit Facilities, among other things, to the extent of the value of the Attributable Notes. As of December 31, 2020, we estimate there was $659 million aggregate principal amount of Attributable Notes outstanding. If the Issuer were to become insolvent or be liquidated, or if payment under the terms of the Senior Secured Credit Facilities is accelerated, the lenders under the Senior Secured Facilities would be entitled to exercise the remedies available to a secured lender under applicable law and would be paid first and would receive payments from the Attributable Notes obligations before the holders of the Notes would receive such payments.

***The Notes will be unsecured and will be effectively subordinated to any secured indebtedness we incur.***

Our obligations under the Notes will not be secured by any of our assets or the assets of any of our subsidiaries. In addition, the Indenture will permit us, under certain circumstances, to incur secured indebtedness. The Notes will be effectively subordinated to any secured indebtedness we may incur to the extent of the value of the collateral securing such indebtedness. If we become insolvent or are liquidated, or if payment under the terms of any secured indebtedness we incur in the future is accelerated, the lenders or holders of such secured indebtedness would be entitled to exercise the remedies available to a secured lender under applicable law and would be paid first and would receive payments from the assets securing such obligations before the holders of the Notes would receive any payments. Subject to the Required Reserves, holders of the Notes would participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the Notes and potentially with all of our other general creditors, based on the respective amounts owed to each holder or creditor, in our remaining assets. Therefore, you may not be fully repaid in the event we become insolvent or are liquidated, or if payment under the terms of any secured indebtedness we incur in the future is accelerated. As of December 31, 2020, on an as adjusted basis after giving effect to the Transactions, we would have had approximately $1,103 million of secured debt outstanding under the First Lien Term Loan Facility, $868 thousand of capital leases and $250 million available for additional borrowings under the Revolving Credit Facility.

***Claims of holders of the Notes will be structurally subordinated to claims of creditors of certain of our subsidiaries that will not guarantee the Notes.***

The Notes will be guaranteed by each of our existing and future restricted subsidiaries that is a guarantor under the Senior Secured Credit Facilities. However, the Notes will not be guaranteed by certain of our existing and future subsidiaries. Only our existing material domestic restricted subsidiaries under the Senior Secured Credit Facilities will initially guarantee the Notes. As of the issue date of the Notes, none of our foreign subsidiaries or immaterial domestic subsidiaries will guarantee the Notes, and those subsidiaries are not expected to guarantee the Notes in the future.

Claims of holders of the Notes will be structurally subordinated to the claims of creditors of these non-Guarantor subsidiaries, including trade creditors. All obligations of those subsidiaries, including trade payables, will have to be satisfied before any of their assets would be available for distribution, upon liquidation or otherwise, to us or a Guarantor of the Notes. Our non-Guarantor subsidiaries will be permitted to incur additional debt in the future under the Indenture and under the Senior Secured Credit Facilities, and they may be permitted to incur additional debt under other debt instruments that we or the Guarantors may enter into in the future. See "Summary — Summary Consolidated Financial Data."

***Although the Notes will be guaranteed by the material restricted subsidiaries organized in the United States, certain parties will have a prior claim to our assets and those of our Guarantors.***

The lenders under the Senior Secured Credit Facilities are entitled to accelerate all obligations thereunder if we become insolvent or are liquidated, or if we otherwise default on any of our obligations and agreements under the Senior Secured Credit Facilities. If payment under any of the instruments governing our secured debt is accelerated and such acceleration is not rescinded, the lenders under these instruments will be entitled to exercise the remedies available to a secured creditor, under applicable law and pursuant to instruments governing such debt. In that event, it is possible that our and the Guarantors' remaining assets might be insufficient to satisfy your claims in full. Any such exercise of the lenders' remedies under the Senior Secured Credit Facilities could impede or preclude our ability to continue to operate as a going concern. As of December 31, 2020, on an as adjusted basis after giving effect to the Transactions, we would have had $1,103 million outstanding under the First Lien Term Loan Facility. We would also have had $250 million available for additional borrowings under the Revolving Credit Facility. We will also have available to us an incremental loan facility under the Senior Secured Credit Facilities which would increase indebtedness under such facilities. All of those borrowings will be secured by, and as a result will have a prior claim on, substantially all assets.

In addition, the obligations of each Guarantor under its Note Guarantee will be limited to the amount that exceeds the amount equal to its Required Reserves (as defined in "Description of

Notes — Note Guarantees") at the time of any enforcement thereunder. The Credit Agreement limits the recovery of the secured parties thereunder in connection with the exercise of remedies against the collateral and guarantees of any guarantor that is not directly or indirectly wholly-owned by the Issuer to the sum of the Attributable Notes of such Guarantor plus the amount by which the assets of such Guarantor exceed its Required Reserves at the time of enforcement thereunder after the repayment of such Attributable Notes. The Note Guarantee of each non-wholly owned Guarantor will be similarly limited. See "Description of Notes — Note Guarantees." However, the Attributable Notes and the assets of the Guarantors are pledged as collateral to secure the Issuer's obligations under the Senior Secured Credit Facilities and the Notes will therefore be effectively subordinated to the extent of the value of the Attributable Notes and, to the extent constituting collateral under the Senior Secured Credit Facilities, the assets of the Guarantors.

As of December 31, 2020, we estimate that there was $659 million aggregate principal amount of Attributable Notes outstanding and that the Required Reserves amounted to $419 million, of which approximately $64 million consisted of other creditor obligations (primarily earnouts) and $355 million of Residual Equity Reserves. These estimates do not include the impact of any potential proceeds that may be received in a liquidation event. They are based on the assumption that Residual Equity Reserves are equal to the book value of non-controlling interests in our consolidated balance sheet. The actual value of the Residual Equity Reserves can only be determined in connection with a disposal of the relevant assets upon a liquidation event, and such value may differ materially from the book value of non-controlling interests in our consolidated balance sheet. The estimates are also based on the assumption that our restricted cash and accounts receivable are at least equal to our accounts payable, such that the liabilities in the form of accounts payable can be excluded from the calculations.

***The lenders under the Senior Secured Credit Facilities will have the discretion to release Guarantors under these facilities in a variety of circumstances, which will cause those Guarantors to be released from their Note Guarantees.***

So long as any obligations under the Senior Secured Credit Facilities remain outstanding, any Note Guarantee may be released without action by, or consent of, any holder of Notes or the Trustee if, at the discretion of lenders under the Senior Secured Credit Facilities, the related Guarantor is no longer a guarantor of obligations under the Senior Secured Credit Facilities. The lenders under the Senior Secured Credit Facilities will have the discretion to release the guarantees under the Senior Secured Credit Facilities in a variety of circumstances. You will not have a claim as a creditor against any entity that is no longer a Guarantor of the Notes, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those entities will effectively be senior to your claims as a holder of the Notes. The Note Guarantees may also be released if the Notes are rated investment grade or in connection with a sale of a Guarantor in a transaction not prohibited by the Indenture.

***The Note Guarantees may not be enforceable (or could be voidable) because of fraudulent transfer or conveyance laws and, as a result, you may be required to return payments received by you in respect of the Note Guarantees.***

The incurrence of the Note Guarantees by our Guarantors (including any future guarantees) may be subject to review under U.S. federal bankruptcy and restructuring laws or relevant state or provincial fraudulent conveyance or transfer laws by the Guarantors' unpaid creditors or by us or a trustee in bankruptcy following the filing of a bankruptcy or other restructuring case by or against us. Under these laws, if in such a case or lawsuit a court were to find that, at the time such Guarantor incurred a Note Guarantee, such Guarantor: either (a) incurred the Note Guarantee with the intent of hindering, delaying or defrauding current or future creditors or (b) received less than reasonably equivalent value or fair consideration for incurring the Note Guarantee, (c) was insolvent or was rendered insolvent by reason of such incurrence, or (d) was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital to carry on its business, or intended to incur, or believed that it would incur, debts and obligations beyond its ability to pay as such debts and obligations matured (as all of the foregoing terms are defined in or interpreted under the relevant fraudulent conveyance or transfer statutes), then such court could void the Note Guarantee of such Guarantor, or subordinate the amounts owing under such Note Guarantee to such Guarantor's presently existing or future debt, or take other actions detrimental to you.

It may be asserted (and a court may consequently determine) that the Guarantors incurred their Note Guarantees for the Company's benefit and did not themselves receive a direct or indirect benefit from the issuance of the Notes, such that they incurred the obligations under the Note Guarantees for less than reasonably equivalent value or fair consideration. As a general matter, value is given for a Note or a Note Guarantee, as applicable, if, in exchange for the Note or the Note Guarantee, property is transferred or an antecedent debt is satisfied. A debtor generally may not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor. Although courts have recognized that indirect benefits may constitute "value" in connection with an alleged fraudulent conveyance or transfer, it is possible that it could be argued that a Guarantor did not receive sufficient benefit in exchange for its Note Guarantee.

The measure of insolvency for purposes of the foregoing considerations will vary depending on the law of the jurisdiction that is being applied in any proceeding. Generally, a company would be considered insolvent if, at the time it incurred the debt or issued the guarantee:

- the sum of its debts (including contingent and other liabilities) is greater than its assets, at fair valuation;
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities (including contingent and other liabilities) as they become absolute and matured; or
- it could not pay its debts as they became due.

If a Note Guarantee is voided as a fraudulent conveyance or transfer or found to be unenforceable for any reason, you will not have a claim against that obligor and will only be a creditor of ours or any Guarantor to the extent our or such Guarantor's obligation is not set aside or found to be unenforceable. You may also be required to return payments you have received with respect to such Note Guarantees.

Each Note Guarantee will contain a provision intended to limit the Guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its Note Guarantee to be a fraudulent transfer or conveyance. This provision may not be effective to protect the Note Guarantees from being voided or may reduce the Guarantor's obligation to an amount that effectively makes the Note Guarantee worthless.

In addition, as noted above, any payment by us pursuant to the Notes or by a Guarantor under a Note Guarantee made at a time we or such Guarantor was found to be insolvent could be voided and required to be returned to us or such Guarantor or to a fund for the benefit of our or such Guarantor's creditors if the payment is made to an insider within a one-year period prior to a bankruptcy or restructuring filing or within 90 days for any non-insider party and the payment would give such insider or non-insider party (as the case may be) more than such creditor would have received in a distribution under insolvency proceedings commenced under the U.S. Bankruptcy Code.

Finally, as a court of equity, the bankruptcy or restructuring court, as applicable, may otherwise subordinate the claims in respect of the Notes or the Note Guarantees to other claims against us or the Guarantors under the principle of "equitable subordination," if the court determines that: (i) the holder of the Notes engaged in some type of inequitable conduct; (ii) such inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holder of the Notes; and (iii) equitable subordination is not inconsistent with the provisions of the U.S. Bankruptcy Code.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Borrowings under the Senior Secured Credit Facilities will incur interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on that indebtedness will increase even though the amount borrowed may remain the same, and our profit and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, it is possible that we will not maintain interest rate swaps with respect to any of our variable rate indebtedness. Alternatively, any swaps we enter into may not fully or effectively mitigate our interest rate risk.

***The phase out, replacement or unavailability of LIBOR and/or other interest rate benchmarks could adversely affect our indebtedness.***

The interest rates applicable to the Senior Secured Credit Facilities will be based on, and the interest rates applicable to certain debt obligations we may incur in the future may be based on, a fluctuating rate of interest determined by reference to the London Interbank Offered Rate ("LIBOR"). In July 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. In response to concerns regarding the future of LIBOR, the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York convened the Alternative Reference Rates Committee (the "ARRC") to identify alternatives to LIBOR. The ARRC has recommended a benchmark replacement waterfall to assist issuers in continued capital market entry while safeguarding against LIBOR's discontinuation. The initial steps in the ARRC's recommended provision reference variations of the Secured Overnight Financing Rate ("SOFR"), calculated using short-term repurchase agreements backed by Treasury securities. At this time, it is not possible to predict whether SOFR will attain market traction as a replacement for LIBOR. Additionally, it is uncertain if LIBOR will cease to exist after calendar year 2021 or whether additional reforms to LIBOR may be enacted. In anticipation of LIBOR's phase out, the Credit Agreement provides for alternative base rates as well as a transition mechanism for selecting a benchmark replacement rate for LIBOR, with such benchmark replacement rate to be selected by the administrative agent under the Senior Secured Credit Facilities giving due consideration to any selection or recommendation of a replacement rate or the mechanism for determining such a rate by certain regulatory bodies as well as any evolving or then-prevailing market convention for determining a rate of interest as a replacement to LIBOR for U.S. dollar-denominated syndicated credit facilities. There can be no assurance that any such replacement benchmark will result in effective interest rates at least as favorable to us as the effective interest rates currently in place under the Senior Credit Facilities. The failure to adopt a replacement benchmark that results in an effective interest rate at least as favorable to us as the effective interest rates currently in place under the Senior Secured Credit Facilities could result in a significant increase in our debt service obligations, which could have a material adverse effect on our financial condition and operating results. In addition, the overall financing market may be disrupted as a result of the phase-out or replacement of LIBOR, which could have an adverse impact on our ability to refinance, reprice or amend the Senior Secured Credit Facilities on favorable terms, or at all.

***We may not be able to satisfy our obligations to holders of the Notes upon a Change of Control.***

Under the Indenture, upon the occurrence of a Change of Control, each holder of the Notes will have the right to require us to purchase the Notes at a price equal to 101% of their principal amount thereof, together with any accrued and unpaid interest. We may not have sufficient funds to repurchase the Notes at such time or have the ability to arrange necessary financing on acceptable terms, or at all. If we fail to repurchase the Notes in those circumstances, we will be in default under the Indenture, which may, in turn, trigger cross-default provisions in, or result in the acceleration of the maturity of, our other debt instruments, including the Senior Secured Credit Facilities. Furthermore, a change of control itself may also constitute an event of default under, or result in the acceleration of the maturity of, our other indebtedness, including the Senior Secured Credit Facilities. Our ability to repurchase the Notes in cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at such time. We may not have sufficient funds to repay the Notes or any other indebtedness that is accelerated at such time or have the ability to arrange necessary financing on acceptable terms, if at all. See "Description of Notes."

In addition, the definition of Change of Control for purposes of the Indenture will not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of our assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly leveraged transaction or a sale of less than all of our assets may be uncertain.

***The Notes do not restrict our ability to incur additional debt or prohibit us from taking other action that could negatively impact holders of the Notes.***

We may incur substantial additional debt in the future, including senior debt and debt that will be structurally senior to the Notes. The terms of the Indenture and the Credit Agreement will not fully prohibit us and our subsidiaries from doing so. If new debt is added to our current debt levels, the related risks that we now face could intensify and we may not be able to meet all our respective debt obligations, including our obligation to repay the Notes. In addition, the Indenture will not prevent us from incurring obligations that do not constitute indebtedness.

***If the Notes become rated investment grade by two of S&P, Moody's or Fitch, certain covenants will not be applicable and Guarantees may be released.***

Certain covenants in the Indenture will be suspended and the Note Guarantees may be released if the Notes are rated investment grade by two of the ratings agencies and no event of default has otherwise occurred and is continuing under the Indenture. If the Notes are subsequently downgraded below investment grade, such covenants and such Guarantees will be reinstated. The covenants that would be suspended include, among others, limitations on our and our restricted subsidiaries' ability to make restricted payments, incur indebtedness, sell certain assets and enter into certain other transactions. During any period in which these restrictive covenants are suspended, we may incur other indebtedness, make restricted payments and take other actions that would have been prohibited if these covenants had been in effect. If the restrictive covenants are later restored, the actions taken while the covenants were suspended will not result in a default or event of default under the Indenture even if they would constitute a default or event of default at the time the covenants are restored. Accordingly, if these covenants and corresponding events of default are suspended, holders of the Notes will have less credit protection than at the time the Notes are issued. See "Description of Notes — Certain Covenants — Effectiveness of Covenants." There can be no assurance that the Notes will ever be rated investment grade, or that if they are rated investment grade, the Notes will maintain such ratings.

***The Indenture and the Credit Agreement will contain cross-default or cross-acceleration provisions that may cause all of the debt issued under those instruments to become immediately due and payable because of a default under an unrelated debt instrument.***

The Indenture and the Credit Agreement will contain numerous covenants and, under certain circumstances, the Credit Agreement requires us to comply with a maximum first lien net leverage ratio and may require us to reduce debt or take other actions in order to comply with this ratio. Our failure to comply with the obligations contained in these agreements or other instruments governing our indebtedness could result in an event of default under the applicable instrument, which could result in the related debt and the debt issued under other instruments (together with accrued and unpaid interest and other fees) becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell our assets and otherwise curtail our operations in order to pay our creditors. These alternative measures could have a material adverse effect on our business, financial position, operating results or cash flows, which could cause us to become bankrupt or insolvent or otherwise the impair our, the Guarantors' and our and their respective subsidiaries' ability to make cash available to us by dividend, contribution, debt repayment or otherwise to enable us to make payments in respect of our indebtedness, including the Notes.

***Restrictive covenants in the Indenture and the Credit Agreement could restrict our operating flexibility.***

The Indenture and the Credit Agreement will contain covenants that limit our ability to take certain actions. These restrictions may limit our ability to operate our businesses and may prohibit or limit our ability to enhance our operations or take advantage of potential business opportunities as they arise. These include limitations on our and our restricted subsidiaries' ability to:

- incur additional indebtedness or issue certain preferred stock;
- pay dividends, redeem stock or make other distributions;
- make other restricted payments or investments;
- create liens on assets;
- transfer or sell assets;
- create restrictions on payment of dividends or other amounts by us to our restricted subsidiaries;
- engage in mergers, consolidations or amalgamations;
- engage in certain transactions with affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

In addition, under certain circumstances, the Credit Agreement requires us to comply with a maximum first lien net leverage ratio and may require us to reduce debt or take other actions in order to comply with this ratio.

Our ability to comply with the covenants and restrictions contained in the Indenture and the Credit Agreement may be affected by economic conditions and by financial, market and competitive factors, many of which are beyond our control. Our ability to comply with these covenants in future periods will also depend substantially on our commissions and fee revenues, our success at implementing cost reduction initiatives and our ability to successfully implement our overall business strategy. The breach of any of these covenants or restrictions could result in a default under the Indenture or the Credit Agreement that would permit the holders or applicable lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest and any applicable redemption premium. In that case, we may be unable to borrow under the Senior Secured Credit Facilities, we may be unable to issue additional Notes under the Indenture, we may not be able to repay the amounts due under the Senior Secured Credit Facilities and we may not be able to make payments on the Notes. This could have serious consequences to our financial position, operating results and/or cash flows and could cause us to become bankrupt or insolvent.

***We may designate certain of our subsidiaries as unrestricted, in which case they would not be subject to the restrictive covenants in the Indenture.***

Although substantially all of our Guarantors' subsidiaries will initially be restricted under the Indenture, we may designate certain subsidiaries as unrestricted in the future. Any such subsidiaries would not be subject to the restrictive covenants in the Indenture. As a result, the unrestricted subsidiaries would be able to engage in many of the activities that we and our restricted subsidiaries will be prohibited or limited from doing under the terms of the Indenture, such as incurring additional debt, securing assets in priority to the claims of the holders of the Notes, paying dividends, making investments, selling assets and entering into mergers or other business combinations. These actions could be detrimental to our ability to make payments of principal and interest under the Notes when due and to comply with our other obligations under the Notes and could reduce the amount of our assets that would be available to satisfy your claims should we default on the Notes.

***There is no public market for the Notes, and you cannot be sure that an active trading market will develop for them.***

The Notes are new securities for which there currently is no established market, and we cannot be sure that an active trading market will develop for them. We do not intend to apply for listing of the Notes on any securities exchange or on any automated dealer quotation system. Although we have been informed by the initial purchasers that they currently intend to make a market in the Notes, the initial purchasers are not obligated to do so and any market-making may be discontinued at any time without notice. If no active trading market develops, you may not be able to resell your Notes at their full value or at all.

The liquidity of, and trading market for, the Notes may also be adversely affected by, among other things:

- changes in the overall market for high yield securities;
- changes in our financial performance or prospects;
- the prospects for companies in our industry generally;
- the number of holders of the Notes;
- the interest of securities dealers in making a market for the Notes; and
- prevailing interest rates.

The market for high yield securities has historically been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The market for the Notes, if any, may be subject to similar disruptions that could adversely affect their value. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar debt instruments, our performance and other factors.

***An adverse rating of the Notes may cause their trading price to decline.***

If a ratings agency rates the Notes, it may assign a rating that is lower than expected. Ratings agencies also may lower ratings on the Notes in the future. If ratings agencies assign a lower than expected rating or reduce, or indicate that they may reduce, their ratings in the future, the trading price of the Notes could significantly decline.

***An increase in market interest rates could result in a decrease in the value of the Notes.***

In general, as market interest rates rise, debt bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase the Notes and market interest rates increase, the market value of your Notes may decline. We cannot predict the future level of market interest rates.

***Holders of the Notes will not be entitled to registration rights and we do not currently intend to register the Notes under any securities laws, and there are restrictions on your ability to transfer or resell the Notes.***

The Notes are being offered pursuant to exemptions from registration under U.S. federal securities laws and we do not currently intend to register the Notes or to offer to exchange the Notes for registered notes. Holders of the Notes will not be entitled to require us to register the Notes for resale or otherwise. Therefore, you may transfer or resell the Notes in the United States only in a transaction registered under or exempt from the registration requirements of federal and applicable state securities laws. Accordingly, you may be required to bear the risk of your investment for an indefinite period of time. See "Notice to Investors."

The Indenture will not be qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). Therefore, we will not be required to comply with any provision of the Trust Indenture Act and holders of the Notes will not be entitled to the benefit of the provisions and protection of the Trust Indenture Act or similar provisions in the Indenture, except as otherwise provided therein.

In addition, the Notes have not been and will not be qualified for sale to the public under applicable Canadian securities laws and, accordingly, any offer and sale of the Notes will be made on a basis that is exempt from the prospectus requirements of such securities laws. See "Plan of Distribution — Selling Restrictions — Canada."

***We are not providing all of the information that would be required if this offering were being registered with the SEC.***

This offering memorandum does not include all of the information that would be required if we were registering the offering of Notes with the SEC, which could impair your ability to evaluate your investment in the Notes. We cannot assure you that the historical and as adjusted financial information as set forth in this offering memorandum will be indicative of our future financial performance or our ability to meet our obligations.

Because we do not intend to register the Notes under the Securities Act or to offer to exchange the Notes in an exchange offer registered under the Securities Act, we will not be subject to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). You will only be entitled to receive the information about us specified under "Description of Notes — Certain Covenants — Reports and Other Information," including the information required by Rule 144A(d)(4) under the Securities Act. Any information we provide will be confidential and may not be copied or reproduced, nor may it be distributed or any of its contents disclosed, to anyone other than holders of the Notes and prospective purchasers of the Notes pursuant to Rule 144A(d)(4).

***Certain actions in respect of defaults taken under the Indenture by beneficial owners with short positions in excess of their interests in the Notes will be disregarded.***

By accepting the Notes, each holder of Notes agrees, in connection with any notice of default, notice of acceleration or instruction to the Trustee to provide a notice of default, notice of acceleration or take any other action (a "Noteholder Direction"), to (i) deliver a written representation to us and the Trustee that such holder and any of its affiliates acting in concert with it in connection with its investment in the Notes (other than screened affiliates) are not (or, in the case such holder is DTC or its nominee, that such holder is being instructed solely by beneficial owners that (together with such affiliates) are not) Net Short (as defined in "Description of Notes") and (ii) provide us with such other information as we may reasonably request from time to time in order to verify the accuracy of such holder's representation within five business days of our request. Holders of the Notes, including holders that have hedged their exposure to the Notes in the ordinary course and not for speculative purposes, may not be able to make such representations or provide the requested additional information. These restrictions may impact a holder's ability to participate in Noteholder Directions. In no event will the Trustee have any liability or obligation to ascertain, monitor or inquire as to whether any holder is Net Short and/or whether such Net Short holder has delivered any related certifications under the Indenture or in connection with the Notes or if any such certifications comply with the Indenture, the Notes, or any other document. It is understood and agreed that we and the Trustee will be entitled to rely on each representation, deemed representation and certification made by, and covenant of, each beneficial owner provided for in this paragraph. Notwithstanding any other provision of the Indenture, the Notes or any other document, the provisions of this paragraph will apply and survive with respect to each beneficial owner notwithstanding that any such person may have ceased to be a beneficial owner, the Indenture may have been terminated, the Notes may have been redeemed in full, or the Trustee may have resigned or been removed.

***We may be unable to repay or repurchase the Notes at maturity.***

At maturity, the entire principal amount of the Notes, plus accrued and unpaid interest, will become due and payable. We may not have the ability to repay or refinance these obligations. If the maturity date occurs at a time when other arrangements prohibit us from repaying the Notes, we would try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. If we could not obtain the waivers or refinance these borrowings, we would be unable to repay the Notes.

***You are responsible for determining the legality of your own investment.***

Investing in the Notes involves your acquisition of interests in a structure and in assets that may raise legal issues for different classes of investors. You are responsible for determining whether you have the legal power, authority and right to invest in the Notes. The Company, the initial purchasers and their affiliates express no view as to your legal power, authority or right to invest in the Notes. You are urged to consult your own legal advisors as to such matters. You must be able to make the representations and warranties under the section entitled "Notice to Investors."

## USE OF PROCEEDS

We estimate that the gross proceeds from this offering will be $400 million. We intend to use the proceeds from this offering to repay the First Lien Term Loan Tranche B-1 under our First Lien Term Loan Facility in full, to repay our Second Lien Term Loan Facility in full, to pay related fees and expenses and for general corporate purposes (including for acquisitions and the repayment of indebtedness). We refer to the offering of the Notes and the use of proceeds thereof, collectively, as the "Transactions".

The following table sets forth the estimated sources and uses of funds in connection with the Transactions. The actual sources and uses of funds may vary from the estimated sources and uses of funds set forth below. The estimated sources and uses of funds presented below should be read in conjunction with "Summary — Summary Consolidated Financial Data," "Use of Proceeds" and "Capitalization" included elsewhere in this offering memorandum.

| Sources of Funds | | Uses of Funds | |
|---|---|---|---|
| *(in thousands)* | | | |
| Notes offered hereby[1] | $400,000 | Repayment of First Lien Term Loan Tranche B-1[2] | $223,875 |
| | | Repayment of principal amount of Second Lien Term Loan Facility[3] | 75,000 |
| | | Prepayment premium for Second Lien Term Loan Facility[4] | 2,270 |
| | | Transaction fees and expenses[5] | 6,000 |
| | | General corporate purposes | 92,855 |
| **Total sources of funds** | **$400,000** | **Total uses of funds** | **$400,000** |

(1) Represents the gross proceeds of the Notes offered hereby.

(2) On August 5, 2020, we borrowed $225 million under the First Lien Term Loan Tranche B-1 pursuant to the Credit Agreement. The First Lien Term Loan Tranche B-1, which matures on January 27, 2027, bears interest at a rate of 3.75% above LIBOR (subject to a 1.00% floor) or 2.75% above the prime rate. Borrowings under the First Lien Term Loan Tranche B-1 are currently repayable at par.

(3) On May 27, 2020, we borrowed $75 million under the Second Lien Term Loan Facility as part of a transaction to redeem a portion of Century's ownership. The Second Lien Term Loan Facility, which matures on July 27, 2027, bears interest at a rate of 9.0% above LIBOR (subject to a 1% floor) or 8.0% above the prime rate.

(4) Borrowings under the Second Lien Term Loan Facility are currently repayable at a "make-whole" premium. The amount above assumes a prepayment of the Second Lien Term Loan Facility as of the issue date of the Notes.

(5) Represents the estimated fees and expenses associated with the Transactions, including financing fees and other transaction costs and professional fees, including the initial purchasers' gross spread in connection with the sale of the Notes.

Certain Penfund entities, which are also our shareholders, are lenders or agents under the credit agreement pursuant to which the Second Lien Term Loan Facility was issued, and therefore will receive a portion of the net proceeds of the Notes offered hereby. See "Certain Relationships and Related Party Transactions."

Affiliates of certain of the initial purchasers in this offering are acting as agents, lead arrangers, bookrunners and/or lenders under the Senior Secured Credit Facilities, and therefore will receive a portion of the net proceeds of the Notes offered hereby in connection with the repayment of the First Lien Term Loan Tranche B-1. See "Plan of Distribution."

## CAPITALIZATION

The following table sets forth (1) cash and cash equivalents and total capitalization as of December 31, 2020 on a historical basis and (2) as adjusted cash and cash equivalents and total capitalization as of December 31, 2020 after giving effect to the Transactions. Outstanding debt balances in the table below represent the aggregate principal amount of our existing indebtedness (without giving effect to any amortization of issue discounts, commissions, fees or expenses). The information in this table should be read in conjunction with "Summary — Summary Consolidated Financial Data," "Use of Proceeds," "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Certain Other Indebtedness" and the financial statements included elsewhere in this offering memorandum.

| | As of December 31, 2020 | |
|---|---|---|
| | **Actual** | **As Adjusted** |
| **(in thousands)** | | |
| Cash and cash equivalents | $ 108,452 | $ 201,306[1] |
| Revolving Credit Facility[2] | $ — | $ — |
| First Lien Term Loan Facility[3] | 1,102,668 | 1,102,668 |
| First Lien Term Loan Tranche B-1[4] | 223,875 | — |
| Second Lien Term Loan Facility[5] | 75,000 | — |
| Capital leases | 868 | 868 |
| Notes offered hereby[6] | — | 400,000 |
| Other notes payable[7] | 10,399 | 10,399 |
| Total debt (including current portion) | 1,412,810 | 1,513,935 |
| Total BroadStreet Partners, Inc. equity | 72,335 | 72,335 |
| **Total capitalization** | **$1,485,145** | **$1,586,270** |

(1) As adjusted cash and cash equivalents reflects the additional cash to the balance sheet from the net proceeds of the offering of the Notes.

(2) The Revolving Credit Facility provides for aggregate commitments of $250 million and matures on January 27, 2025. As of December 31, 2020, we had the full $250 million available under the Revolving Credit Facility. See "Description of Certain Other Indebtedness."

(3) We borrowed $1,111 million in aggregate principal amount of first lien senior secured term loans maturing on January 27, 2027 under the First Lien Term Loan Facility on January 27, 2020, of which $1,103 million was outstanding as of December 31, 2020. See "Description of Certain Other Indebtedness."

(4) We borrowed $225 million in aggregate principal amount of first lien senior secured term loans maturing on January 27, 2027 under the First Lien Term Loan Tranche B-1 on August 5, 2020, of which $224 million was outstanding as of December 31, 2020. We intend to use a portion of the net proceeds of this offering to repay in full the First Lien Term Loan Tranche B-1. See "Use of Proceeds."

(5) The Second Lien Term Loan Facility provides for $75 million in aggregate principal amount of second lien secured term loans maturing on July 27, 2027, all of which was drawn as of December 31, 2020. We intend to use a portion of the net proceeds of this offering to repay in full the Second Lien Term Loan Facility. See "Use of Proceeds."

(6) Represents the aggregate principal amount of the Notes offered hereby. See "Description of Notes."

(7) Other notes payable primarily represent seller finance obligations, presented on an undiscounted basis.

## SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth our selected historical consolidated financial data as of the dates and for the periods indicated. The selected historical consolidated financial data as of December 31, 2020 and December 31, 2019 and for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 are derived from our audited consolidated financial statements and notes thereto, which have been audited by Deloitte & Touche LLP, our independent accountants, whose reports on these financial statements are included elsewhere in this offering memorandum. The historical results included below and elsewhere in this offering memorandum are not necessarily indicative of our future performance. The selected historical consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included elsewhere in this offering memorandum.

| | Year Ended December 31, | | |
|---|---|---|---|
| **(in thousands)** | **2020** | **2019** | **2018** |
| **Statements of Operations Data:** | | | |
| **Revenues** | | | |
| Commissions and fees | $ 799,177 | $ 629,284 | $ 507,997 |
| Investment income | 1,107 | 1,128 | 892 |
| Realized gains — net | 121 | 705 | 545 |
| Other income | 5,082 | 3,424 | 1,800 |
| Total revenues | 805,487 | 634,541 | 511,234 |
| **Expenses** | | | |
| Employee compensation and benefits | 479,724 | 377,636 | 307,136 |
| Other operating expenses | 101,803 | 92,068 | 76,093 |
| Amortization | 50,765 | 35,132 | 25,786 |
| Depreciation | 5,248 | 4,292 | 2,997 |
| Interest | 69,918 | 55,796 | 42,555 |
| Stock option expense | 22,235 | 18,495 | 9,156 |
| Change in estimated acquisition earnout payables | 1,966 | 1,279 | 12,463 |
| Total expenses | 731,659 | 584,698 | 476,186 |
| Income before taxes | 73,828 | 49,843 | 35,048 |
| Income taxes | 10,333 | 6,989 | 3,130 |
| Net income | 63,495 | 42,854 | 31,918 |
| Less net income attributable to noncontrolling interests | 38,572 | 30,435 | 22,681 |
| Net income attributable to BroadStreet Partners, Inc. | $ 24,923 | $ 12,419 | $ 9,237 |
| **Balance Sheet Data (at period end):** | | | |
| Cash and cash equivalents | $ 108,452 | $ 65,512 | $ 52,689 |
| Total assets | 2,457,497 | 1,804,815 | 1,337,841 |
| Long-term debt | 1,376,572 | 865,620 | 671,445 |
| Total liabilities | 2,030,702 | 1,406,073 | 1,068,792 |
| Total BroadStreet Partners, Inc.'s equity | 72,335 | 168,426 | 81,400 |
| Total equity | $ 426,796 | $ 398,742 | $ 269,049 |
| **Cash Flows Data:** | | | |
| Net cash (used in) provided by: | | | |
| Operating activities | $ 139,391 | $ 78,581 | $ 106,137 |
| Investing activities | (348,853) | (148,207) | (127,019) |
| Financing activities | 277,145 | 45,644 | 100,276 |

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with "Selected Historical Financial Data" and our historical consolidated financial statements and the accompanying notes included elsewhere in this offering memorandum. The results described below are not necessarily indicative of the results to be expected in any future periods. This discussion contains forward looking statements based on our current expectations, which are inherently subject to risks and uncertainties. Actual results may differ significantly from those made, projected or implied in such forward-looking statements due to many factors and a variety of risks and uncertainties, including those described in this offering memorandum under "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors." We undertake no obligation to update or revise any forward-looking statement or risk factor.*

## Overview

Founded in 2000, we are one of the largest, fastest-growing, insurance brokerage companies in the United States. We have expanded both organically and through acquisitions, as the middle-market retail insurance brokerage industry continues to consolidate. We offer a broad range of P&C and employee benefits insurance products to small, midsize and large businesses, public institutions, and individuals.

We have achieved significant growth in a highly fragmented industry through a disciplined acquisition strategy. Our unique approach to acquisitions employs a hub and spoke model by investing in a select group of high performing, entrepreneurial independent insurance agencies (our Core Agencies). Our Core Agencies are among the leading independent agencies in their respective markets, with outstanding leaders and well-earned reputations as expert risk advisors.

After we invest in Core Agencies, we work with them to accelerate their growth trajectory. Bolstered by transactional and capital support, our 25 Core Agencies go on to make and fully integrate accretive tuck-in acquisitions that increase their margins and scale their business. In addition to growth through acquisitions, we support our Core Agencies with the resources to recruit and develop strong producers, optimize commission arrangements, share best practices and enable data analytics to drive organic growth. We were the 14$^{th}$ largest U.S. insurance broker and the 7$^{th}$ largest independent U.S. P&C insurance broker based on revenue generated in 2019. Additionally, we are the 3$^{rd}$ most acquisitive insurance broker with 257 deals completed between 2012 and 2020. We have a highly diversified earnings base with consistently strong revenue and producer retention rates. For the year ended December 31, 2020, we generated Acquisition Adjusted Revenue of $865 million and Acquisition Adjusted EBITDA of $246 million (Acquisition Adjusted Revenue and Acquisition Adjusted EBITDA incorporate the full annual impact of revenue and EBITDA from acquisitions that we have made in the last twelve months).

### *Our Products and Services*

We offer a wide array of insurance services and solutions, which are offered through a vast network of regional, super-regional, and national insurance carriers and wholesale brokers. Our commercial clients operate in a variety of industries including construction, manufacturing, real estate, professional services, and healthcare. For the year ended December 31, 2020, our top client accounted for only 2% of Acquisition Adjusted Revenue, and our top ten clients represented 7% of Acquisition Adjusted Revenue. The diversity of our Core Agencies ensures that no material part of our business is dependent upon a single or small group of customers. Our primary insurance services and solutions include commercial lines, personal lines, and employee benefits.

*Commercial Lines (65% of Acquisition Adjusted Revenue)*: We offer a variety of commercial lines products including commercial casualty, commercial property, workers compensation, surety, commercial liability, and commercial auto. Our commercial clients are small and middle market businesses in a variety of industries including commercial agriculture, retail, construction, government, aviation, environmental services, legal, hospitals, manufacturing, and hospitality. Annual premiums for our commercial lines were $3.8 billion during the year ended December 31, 2020.

*Personal Lines (15% of Acquisition Adjusted Revenue)*: We offer a comprehensive suite of personal lines product offerings including home, personal auto, boat, umbrella package, and recreational vehicle insurance. Our personal lines clients are typically high net worth individuals or families, and many of the customers are management teams or employees with businesses who also purchase their commercial lines insurance from us. We placed $802 million in personal lines premiums during the year ended December 31, 2020.

*Employee Benefits (20% of Acquisition Adjusted Revenue)*: We provide employee benefit services and individual health insurance solutions including medical, dental, vision, Section 125 pre-tax accounts, and disability. Our clients are typically middle market businesses with and, to a lesser extent, individuals. During the year ended December 31, 2020, we placed $2.8 billion in employee benefits premiums.

**Factors Affecting Results of Operations**

***Industry Conditions and Premiums***

Our commissions are typically structured as a percentage of premiums paid by our clients. These premiums are a function of insurance pricing, which we refer to as "premium rates," and the total amount of risk insured, which we refer to as "exposure."

*Commercial and Personal Lines.* Premium rates in commercial and personal lines have historically been cyclical, based on the relative underwriting capacity of the insurance industry, economic conditions, historical and expected loss experiences, and capital availability. In the absence of a catastrophic loss, there typically is increased competition and a build-up of capital, with insurers becoming less dependent on underwriting revenue, resulting in an erosion of premium rates (known in the industry as "soft" markets). A subsequent catastrophic loss then causes insurers who are less capitalized to exit the market, leading to less competitive underwriting conditions and increasing premium rates (known in the industry as "hard" markets). The robust underwriting market then attracts increased competition and results in excess capital availability and a reduction in premium rates, thereby completing the cycle. Hard and soft markets may also be affected by broad-based trends or by factors affecting individual insurance product lines or specific geographic areas.

In a soft market, insurance brokerages typically receive lower commission revenue. However, in a soft market, insurance buyers in the small- and mid-sized markets tend to reduce deductibles, increase their limits of coverage, and purchase new coverage. In contrast, in a hard market clients generally try to maintain their overall insurance cost by reducing coverage, self-insuring some risks, and maintaining higher deductibles. As a result, the premiums paid by many small- and medium-sized businesses, and resulting brokerage commission revenue, tends to be less volatile than premium rates. From 2016 to 2019, we were in a soft market with retractions in premium rates across the carriers. Beginning in 2019, rates and exposures began to increase and the market continued to harden in 2020. However, it is not clear whether the rate and exposure increases will continue into the foreseeable future as economic conditions are difficult to predict.

*Employee Benefits*. Demand for employee benefit services and solutions is principally driven by overall employment levels, whereas employee benefit premiums tend to increase with medical cost inflation. In recent years, the design and implementation of employee benefit programs have become much more sophisticated. As businesses continue to face rising healthcare costs, pension deficits, and an increasingly complex regulatory environment, there have been a substantial increase in demand for brokers who can navigate the evolving landscape and ease the burden of medical cost inflation. Furthermore, as employee benefits continue to be a key component to attracting and retaining talent, brokers will remain a critical partner for employers.

***Adoption of Topic 606 and ASC 340***

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, ("Topic 606"), which provides guidance for revenue recognition. ASU No. 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services, or enters into contracts for the transfer of nonfinancial assets. Topic 606 superseded the revenue recognition requirements in FASB Accounting Standards Codification Topic 605, *Revenue Recognition*, and most industry-specific guidance. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. In doing so, companies need to use significant judgment and make significant estimates. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. The new guidance was effective for the year ended December 31, 2019.

We adopted these standards by recognizing the cumulative effect as an adjustment to opening retained earnings at January 1, 2019, under the modified retrospective method for contracts not completed as of the date of adoption. The cumulative impact of adopting Topic 606 on January 1, 2019 was an increase in retained earnings of $61.7 million. Under the modified retrospective method, we were not required to restate comparative financial information prior to the adoption of these standards and, therefore, the information presented in this offering memorandum for periods prior to January 1, 2019 applies previous accounting policies.

The following areas were impacted by our adoption of Topic 606:

- *Commission and Fee Revenues*. We earn commissions and fees paid by insurance carriers for binding insurance coverage. The commissions and fees are earned at a point in time upon the effective date of bound insurance coverage, as no performance obligation exists after coverage is bound. If there are other services within the contract, we estimate the stand-alone price for each separate performance obligation, and the corresponding apportioned revenue is recognized over the period of time in which the customer receives the service, and as the performance obligations are fulfilled and we are entitled to that portion of revenue. In situations where multiple performance obligations exist within a contract, the use of estimates is required to allocate the transaction price on a relative stand-alone selling price basis to each separate performance obligation.

  Prior to the adoption of Topic 606, commission revenues, including those billed on an installment basis, were recognized on the latter of the policy effective date or the date that the premium was billed to the client. As a result of the adoption of Topic 606, commission revenues associated with the issuance of polices are now recognized upon the effective date of the associated policy. Revenue is now accrued based upon the completion of the performance obligation, thereby creating a current asset for the unbilled revenue, until such time as an invoice is generated, which typically does not exceed twelve months. Contingent commissions represent a form of variable consideration which includes additional commissions over base commissions received from insurance carriers based on predetermined production levels, as well as other performance requirements, mutually agreed upon by both parties. Contingent commissions from insurance companies are recognized over the service period based on our best estimate of amounts we have earned using historical averages and other factors to project such revenue. The final calculations for contingent commission revenue are often not completed until subsequent periods. Fee revenue is recognized as services are performed. In accordance with Topic 606, some revenue from fee arrangements are recognized in earlier periods and others in later periods when compared to our previous accounting treatment, and this depends on when the services within the contract are satisfied and when we have transferred control of the related services to the customer.

ASU No. 2014-09 also modified certain guidance within ASC Topic 340 — Other Assets and Deferred Costs ("ASC 340") which requires companies to defer certain incremental cost to obtain customer contracts, and certain costs to fulfill customer contracts. We also adopted this new guidance effective January 1, 2019 under the modified retrospective method.

- *Incremental Cost to Obtain.* The adoption of changes to ASC 340 resulted in us deferring certain costs to obtain customer contracts related to commission-based compensation plans under which we pay an incremental amount of compensation on new business. These incremental costs are deferred and amortized over a period commensurate with the expected life of the customer relationship. For incremental costs with an amortization period of less than 12 months, the costs are expensed as incurred.
- *Cost to Fulfill.* The adoption of changes to ASC 340 resulted in us deferring certain costs to fulfill contracts and to recognize these costs as the associated performance obligations are fulfilled. In order for the contract fulfillment costs to be deferred under ASC 340, the costs must (a) relate directly to a specific contract or anticipated contract, (b) generate or enhance resources that the Company will use in satisfying its obligations under the contract, and (c) be expected to be recovered through sufficient net cash flows from the contract.

| (in thousands) | Balance at December 31, 2018 | Adjustments | Balance at January 1, 2019 |
|---|---|---|---|
| **Assets** | | | |
| Accounts receivable, trade | $108,873 | $221,262 | $330,135 |
| Other assets | 8,681 | 18,494 | 27,175 |
| **Liabilities** | | | |
| Accounts payable, trade | 138,551 | 106,936 | 245,487 |
| Accounts payable, other | 18,228 | 15,116 | 33,344 |
| Deferred income taxes, net | 8,498 | 23,873 | 32,371 |
| **Shareholders' equity** | | | |
| Retained earnings | 11,196 | 61,742 | 72,938 |
| Noncontrolling interest | 187,649 | 32,089 | 219,738 |

The $18.5 million adjustment to Other Assets reflects the deferral of certain cost to fulfill contracts ($11.3 million) and incremental cost to obtain customer contracts ($7.2 million). The $106.9 million adjustment to Accounts Payable, Trade reflects the estimated amount payable to insurance carriers and outside brokers on unbilled premiums, commissions, and fees receivable. The $15.1 million adjustment to Accounts Payable, Other consists of commission payable to producers.

The following table sets forth the impact of adopting the Topic 606 on our reported results in our consolidated statement of income for the year ended December 31, 2019.

| (in thousands) | As Reported | Impact of Adopting Topic 606 | Balances without the Impact of Topic 606 |
|---|---|---|---|
| **Revenues** | | | |
| Commission and fees | $629,284 | $(11,130) | $640,414 |
| **Expenses** | | | |
| Employee compensation and benefits | 377,636 | (11,800) | 389,436 |
| Income Taxes | 6,989 | 85 | 6,904 |
| Net income | 42,854 | 585 | 42,269 |

***Acquisitions***

A significant part of our growth strategy has been predicated on the disciplined acquisition of Core Agencies to either build our platform or to fold into our existing platform. An acquisition candidate must meet a number of financial and non-financial criteria to be considered a viable candidate. We evaluate acquisitions based on size, geographic and industry fit, operating performance, and quality of the existing management team. As part of our strategy, we typically have structured acquisitions to include contingent payments, or "earn-outs," to the acquired company's management team to incentivize them and encourage retention of key employees. These earn-outs are generally contingent on maintaining or achieving specified revenue, earnings, or other financial performance measures in future periods and typically range in duration from two to three years after the completion date of the acquisition. Although the insurance brokerage industry is highly fragmented, it remains very competitive as it relates to acquisitions. We face several sources of competition from other insurance brokerages, insurance carriers, banks, private equity funds, and other financial service companies. Consolidation among insurance brokerages has been a significant trend for several years.

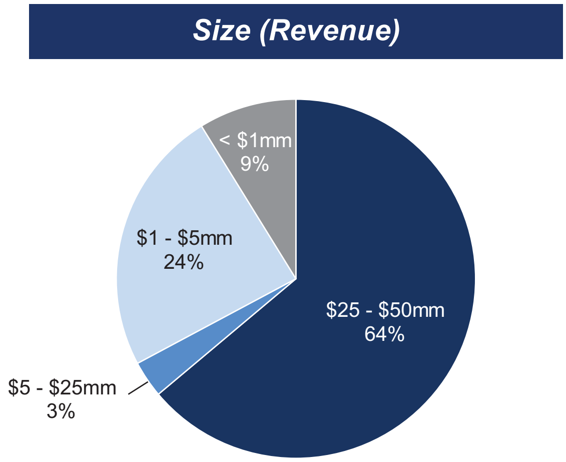
Acquisitions affect our period-to-period comparisons. Acquisitions completed subsequent to prior periods make it difficult to compare subsequent periods to prior periods due to increased revenues and expenses attributable to the acquired businesses.

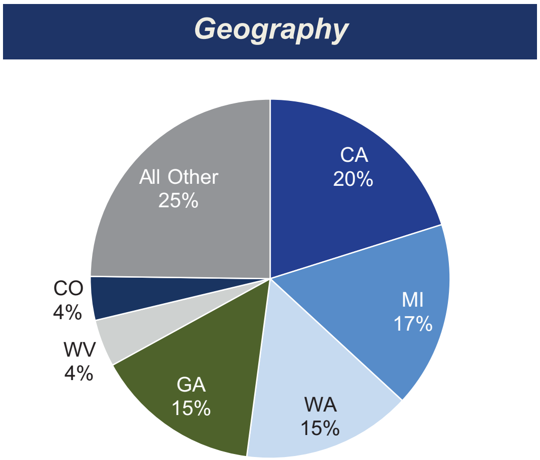
The following table sets forth details of our acquisitions during the periods indicated.

| | Year Ended December 31, | | |
|---|---|---|---|
| (in thousands) | 2020 | 2019 | 2018 |
| Cash payment | $370,731 | $147,480 | $136,493 |
| Estimated contingent future payments | 69,778 | 32,259 | 42,742 |
| Noncontrolling interest | 138,683 | 32,583 | 66,061 |
| Aggregate purchase price | $579,192 | $212,322 | $245,296 |

See note 2 to our consolidated financial statements for further details.

2020 was a strong year for both Core Agency partnerships and tuck-in acquisitions. We completed 57 transactions (four for Core Agencies and 53 for tuck-ins) during the year (69% of which were in commercial and personal lines, and 31% in employee benefits). The acquisitions were completed with an upfront cash consideration of $370.7 million with weighted average purchase price / EBITDA multiple of 8.5 times. Our average multiple for tuck-in acquisitions declined because of a slight mix shift toward smaller transactions. The impact of the COVID-19 pandemic reduced Core Agency upfront multiples but that impact was offset by higher potential earn-outs. We believe that the perception of potential tax law changes arising from U.S. election uncertainty drove increased seller activity in 2020. The following charts set forth certain metrics relating to our acquisitions during 2020, based on number of transactions.




Our seven largest Core Agencies accounted for 48% of our Acquisition Adjusted Revenue for the year ended December 31, 2020.

***Novel Coronavirus (COVID-19) Pandemic***

In January 2020, the first COVID-19 case in the United States was reported. Since then, as the virus reached pandemic levels, there have been mandates from federal, state, and local authorities requiring forced closures, quarantine and the reduction of large gatherings, among other restrictions.

As a result of the pandemic, more than 90% of our workforce began working remotely in March 2020, and our business continuity plan and IT transition to the remote environment performed as expected. We believe our client service levels remain unchanged from pre-pandemic levels. While some employees have returned to the office in certain geographies, most employees remain working in a remote capacity, and it is our expectation that this will continue throughout 2021. As of the date of this offering memorandum, we do not believe our work-from-home protocol has materially impacted our internal controls, financial reporting, or operations.

We believe in-person meetings are an important component to our success in attracting the best insurance agencies to join our team. Due to the pandemic-related shutdown, in-person meetings with acquisition prospects substantially decreased for several months. While some meetings have resumed, and we utilize technology solutions to continue active engagement with our acquisition pipeline, it is uncertain whether the decrease in face-to-face meetings for several months will result in a temporary decrease in acquisition activity. Furthermore, some agencies that were considering selling their business have decided to delay the process until the pandemic has passed.

Since the second quarter of 2020, we have experienced a significant decrease in travel and entertainment- related costs as a result of the shutdown and limitations on travel. Due to the general deterioration in economic conditions, we are actively making minor adjustments to portions of our workforce in targeted areas where the volume and/or nature of the work has evolved due to the remote working environment or declining activity from the pandemic. In addition, our estimated earn-out payables related to some of our acquisitions have also decreased due to downward adjustments in the forecasted financial results as a result of the pandemic and resulting changes in market conditions. We expect travel and entertainment-related costs will increase after the pandemic ends and "shelter-in-place" and lockdown measures due to COVID are permanently lifted, and these will be consistent with the level of such costs incurred prior to the pandemic.

We believe that our diversified business profile has ensured that we have relatively low exposure to the sectors of the economy that have been most impacted by COVID-19, as shown in the chart below.

| Client Industry (Ranked from Most to Least Impacted) | Portion of Revenue |
|---|---|
| Accommodation and Food Services | 3.9% |
| Arts, Entertainment, and Recreation | 2.0% |
| Retail Trade | 4.6% |
| Mining, Quarrying, and Oil and Gas Extraction | 1.0% |
| Administrative and Support and Waste Management and Remediation Services | 4.4% |
| Other Services (except Public Administration) | 4.5% |
| Real Estate and Rental and Leasing | 7.4% |
| Health Care and Social Assistance | 6.9% |
| Manufacturing | 9.2% |
| Construction | 28.5% |
| Educational Services | 1.8% |
| Professional, Scientific, and Technical Services | 6.7% |
| Wholesale Trade | 5.8% |
| Public Administration | 1.8% |
| Information | 0.8% |
| Management of Companies and Enterprises | 0.3% |
| Utilities | 0.4% |
| Finance and Insurance | 2.1% |
| Transportation and Warehousing | 5.2% |
| Agriculture, Forestry, Fishing and Hunting | 2.6% |

Note: all figures based on Acquisition Adjusted Revenue for the year ended December 31, 2020.

While we expect the changes to our operations from the pandemic to be temporary, the extent to which the pandemic and the related response from the authorities may impact our insurance operations, new business opportunities, acquisition pipeline, and related financial results will depend on the length that and extent to which virus-related restrictions remain in place and other future developments, which are highly uncertain and cannot be predicted at this time. See "Risk Factors — Risks Related to our Business — The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity." However, we believe that insurance coverage and employee benefits are generally a non-discretionary cost of doing business for most companies, which we believe will result in relatively stable demand for our products and services. Although our business has not been materially adversely impacted by the COVID-19 pandemic to date, resurgences in COVID-19 cases throughout the United States could result in new and more restrictive lockdown or shelter-in-place orders than before, which could adversely impact our business and results of operations. In addition, although we were able to take advantage of certain tax benefits under the CARES Act, we cannot assure you that we will be entitled to similar future federal relief, or that any such federal relief will be enacted in response to the second or following "waves" of the COVID-19 virus.

In addition, under the CARES Act, certain of our Core Agencies have taken advantage of the deferral of employer social security payroll tax payments, which are recorded as a liability on our balance sheet as of December 31, 2020.

***Insurance Carrier Base***

We have relationships with a diverse range of insurance carriers to mitigate our risk of carrier concentration and reduce the impact of the loss of any individual carrier on our operating results. For the year ended December 31, 2020, no single carrier accounted for more than 6% of total revenues, with the top ten carriers in the aggregate representing approximately 28% of total revenues.

***Seasonality***

Our results of operations and cash flows are subject to seasonal fluctuations. Contingent revenue is paid by insurance carriers after the contractual period and is typically based on the overall underwriting results or volume placed with such insurance carriers during that period. Contingent revenue is typically received in the year immediately following the year in which the premium is generated, which has historically resulted in higher contingent revenue in the first half of the year compared to the second half of the year. While our aggregate revenue varies from year to year in part as a function of the foregoing, our compensation expenses, selling expense, administrative expenses, and depreciation and amortization expenses generally tend to be more uniform throughout the year.

**Key Components of Results of Operations**

***Revenue***

We generate revenue primarily from commissions paid by insurance carriers on the placement of commercial lines insurance, personal lines insurance, and employee benefits products. These commissions include (1) commissions, (2) fees (also known in the industry as "core commissions" or "base commissions") and (3) contingent commission revenue.

*Commissions*. We earn commissions paid by insurance carriers for binding insurance coverage. Commission revenue is recognized when earned, which is generally at a point in time on the effective date of the associated policies when control of the policy transfers to the client. Commission revenue on premiums billed directly by insurance companies include an estimate for amounts for which the cash has not yet been received from the insurance company. An estimate is made for future cancellations and audit adjustments based on historical data. Commission revenue is recognized net of any wholesale broker commissions.

*Fees*. Fee revenue is recognized as services are performed. If there are other services within the contract, we estimate the stand-alone price for each separate performance obligation, and the corresponding apportioned revenue is recognized over the period of time which the customer receives the service and as the performance obligations are fulfilled.

*Contingent Revenue.* Under certain circumstances, we receive supplemental revenue (also known in the industry as "guaranteed supplemental commissions") and profit-sharing contingent revenue from insurers that are above the base commissions paid. Contingent commissions from insurance companies are recognized over the service period based on our best estimate of amounts we have earned using historical averages and other factors to project such revenue. The final calculations for contingent commission revenue are often not completed until subsequent periods.

***Expenses***

As a service provider, our largest cost of doing business is employee compensation and benefits expense. Our sales producers are generally paid on a standard formula based on a percentage of their retained revenue and new business revenue. The remaining compensation is semi-variable in nature and is paid to our insurance operations' employees, such as customer service representatives and account managers, whose primary responsibility is client service. To a limited extent, we also incur sub-brokerage expense which represents commissions paid to third-party brokers in connection with co-broker sales.

Our other costs of doing business include other operating expenses such as software subscription fees, travel and entertainment expenses, rent, and professional fees. Significant non-operating expenses include interest expense on our debt balances, as well as costs relating to our acquisitions, such as transaction expenses (including legal, financing, banking, accounting, and valuation fees in connection with our acquisitions), amortization of acquired intangible assets from acquisitions (including acquired customer lists and non-compete agreements), and changes in the estimated fair value of earn-out payables. We have significant tax-deductible amortization expense as a result of our many acquisitions, which are often structured as asset purchases or receive tax-deductible amortization expense as a result of IRC 754 elections. As of December 31, 2020, we had approximately $952.0 million of net tax-deductible goodwill and other intangible assets, which are generally amortized over a 15-year period for tax purposes.

We have implemented performance improvement initiatives across our insurance brokerage operations, with a focus on optimizing certain selling and administrative expenses. Together with our organic growth initiatives, we continue to improve operating efficiencies and achieve Acquisition Adjusted EBITDA Margin expansion.

**Results of Operations**

***Year Ended December 31, 2020 Compared to Year Ended December 31, 2019***

The following tables summarize our consolidated results of operations for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | | | Variance | | Percentage of Revenues | |
| (in thousands) | 2020 | 2019 | $ | % | 2020 | 2019 |
| Revenues | | | | | | |
| Commissions and fees | $799,177 | $629,284 | $169,893 | 27.0% | 99.2% | 99.2% |
| Investment income | 1,107 | 1,128 | (21) | (1.9)% | 0.1% | 0.2% |
| Realized gains — net | 121 | 705 | (584) | (82.8)% | — | 0.1% |
| Other income | 5,082 | 3,424 | 1,658 | 48.4% | 0.6% | 0.5% |
| Total revenues | 805,487 | 634,541 | 170,946 | 26.9% | 100.0% | 100.0% |
| Expenses | | | | | | |
| Employee compensation and benefits | 479,724 | 377,636 | 102,088 | 27.0% | 59.6% | 59.5% |
| Other operating expenses | 101,803 | 92,068 | 9,735 | 10.6% | 12.6% | 14.5% |
| Amortization | 50,765 | 35,132 | 15,633 | 44.5% | 6.3% | 5.5% |
| Depreciation | 5,248 | 4,292 | 956 | 22.3% | 0.7% | 0.7% |
| Interest | 69,918 | 55,796 | 14,122 | 25.3% | 8.7% | 8.8% |
| Stock option expense | 22,235 | 18,495 | 3,740 | 20.2% | 2.8% | 2.9% |
| Change in estimated acquisition earnouts payable | 1,966 | 1,279 | 687 | 53.7% | 0.2% | 0.2% |
| Total expenses | 731,659 | 584,698 | 146,961 | 25.1% | 90.8% | 92.2% |
| Income before income taxes | 73,828 | 49,843 | 23,985 | 48.1% | 9.2% | 7.9% |
| Income taxes | 10,333 | 6,989 | 3,344 | 47.8% | 1.3% | 1.1% |
| Net income | $ 63,495 | $ 42,854 | $ 20,641 | 48.2% | 7.9% | 6.8% |

*Revenues*

Total revenues for the year ended December 31, 2020 and 2019 were $805.5 million and $634.5 million, respectively, reflecting an increase of $170.9 million, or 26.9%. The increase was driven by both the expansion of our business through acquisitions and organic growth. During 2020, we continued to diversify our business by entering one new state (Washington) and three new large economic areas in states where we currently operate and have had historical success (Michigan, Georgia and California). Organic growth remained strong (1.7% for the year ended December 31, 2020) as premium rates expanded and revenue retention remained high. However, the COVID-19 pandemic did moderate our organic growth profile slightly, from 2.5% for the year ended December 31, 2019, as the employee benefits segment slowed due to reduced employment levels. Despite this dynamic, our highly diversified client base insulated the impact of the pandemic on our financial performance.

Other income for the year ended December 31, 2020 increased by $1.7 million compared to the corresponding period in 2019. The increase was primarily due to improved terms with premium finance vendors.

*Expenses*

**Employee compensation and benefits.** Employee compensation and benefits expense increased by $102.1 million, or 27.0%, from $377.6 million for the year ended December 31, 2019 to $479.7 million for the year ended December 31, 2020. The increase was primarily due to the increased headcount from acquired insurance agencies and the resulting increases in employee salary, commission, bonuses, and related benefit and payroll tax expenses. Compensation expense as a percentage of total revenues remained consistent around 59.5%.

**Other operating expenses.** Other operating expense increased by $9.7 million, or 10.6%, from $92.1 million for the year ended December 31, 2019 to $101.8 million for the year ended December 31, 2020. The increase was primarily due to acquisitions, and was partially offset by the reduction of travel owing to the COVID-19 pandemic. Other operating expenses increased at a slower rate than revenue due to scale efficiencies and the addition of a new Core Agency that had higher operating margins. These factors caused other operating expense as a percent of revenues to decrease from 14.5% for the year ended December 31, 2019 to 12.6% for the year ended December 31, 2020.

**Amortization.** Amortization expense increased by $15.6 million, or 44.5%, from $35.1 million for the year ended December 31, 2019 to $50.8 million for the year ended December 31, 2020. The increase was primarily due to acquisition activity.

**Depreciation**. Depreciation expense increased by $1.0 million, or 22.3%, from $4.3 million for the year ended December 31, 2019 to $5.2 million for the year ended December 31, 2020. The increase was primarily due to acquisition activity and continued investments in cross core data initiatives.

**Interest**. Interest expense increased by $14.1 million, or 25.3%, from $55.8 million for the year ended December 31, 2019 to $69.9 million for the year ended December 31, 2020. The increase relates to additional debt outstanding from the partial redemption of Century's ownership interest in May 2020 and from acquisition activity.

**Stock option expense.** Stock option expense increased by $3.7 million, or 20.2%, from $18.5 million for the year ended December 31, 2019 to $22.2 million for the year ended December 31, 2020. The increase was primarily due to an upward re-valuation of the outstanding stock options as a result of historical Adjusted EBITDA growth and an increase in market multiples.

**Change in estimated acquisition earnouts payable**. The change in estimated acquisition earnouts payable increased by $0.7 million, or 53.7%, from $1.3 million for the year ended December 31, 2019 to $2.0 million for the year ended December 31, 2020. Acquisition earnouts payable are initially established at closing based on our best estimate of future earnout payments, and then we adjust these payments post-acquisition as the performance becomes realized. The increase in expense in 2020 indicated that the acquired businesses were performing better than our initial expectations.

**Income taxes**. Income tax expense increased by $3.3 million, or 47.8%, from $7.0 million for the year ended December 31, 2019 to $10.3 million for the year ended December 31, 2020, consistent with the increase in the net income before income taxes.

*Net Income*

For the year ended December 31, 2020, we had net income of $63.5 million compared to $42.9 million for the year ended December 31, 2019, due to the cumulative effect of the factors discussed above.

***Year Ended December 31, 2019 Compared to Year Ended December 31, 2018***

The following tables summarize our consolidated results of operations for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | | | Variance | | Percentage of Revenues | |
| (in thousands) | 2019 | 2018 | $ | % | 2019 | 2018 |
| **Revenues** | | | | | | |
| Commissions and fees | $629,284 | $507,997 | $121,287 | 23.9% | 99.2% | 99.4% |
| Investment income | 1,128 | 892 | $ 236 | 26.5% | 0.2% | 0.2% |
| Realized gains — net | 705 | 545 | $ 160 | 29.4% | 0.1% | 0.1% |
| Other income | 3,424 | 1,800 | 1,624 | 90.2% | 0.5% | 0.4% |
| Total revenues | 634,541 | 511,234 | 123,307 | 24.1% | 100.0% | 100.0% |
| **Expenses** | | | | | | |
| Employee compensation and benefits | 377,636 | 307,136 | 70,500 | 23.0% | 59.5% | 60.1% |
| Other operating expenses | 92,068 | 76,093 | 15,975 | 21.0% | 14.5% | 14.9% |
| Amortization | 35,132 | 25,786 | 9,346 | 36.2% | 5.5% | 5.0% |
| Depreciation | 4,292 | 2,997 | 1,295 | 43.2% | 0.7% | 0.6% |
| Interest | 55,796 | 42,555 | 13,241 | 31.1% | 8.8% | 8.3% |
| Stock option expense | 18,495 | 9,156 | 9,339 | 102.0% | 2.9% | 1.8% |
| Change in estimated acquisition earnouts | 1,279 | 12,463 | 11,184 | 89.7% | 0.2% | 2.4% |
| Total expenses | 584,698 | 476,186 | 108,512 | 22.8% | 92.2% | 93.1% |
| Income before income taxes | 49,843 | 35,048 | 14,795 | 42.2% | 7.9% | 6.9% |
| Income taxes | 6,989 | 3,130 | 3,859 | 123.3% | NM | NM |
| Net income | $ 42,854 | $ 31,918 | $ 10,936 | 34.3% | NM | NM |

*Revenues*

Total revenues for the year ended December 31, 2019 and 2018 were $634.5 million and $511.2 million, respectively, reflecting an increase of $123.3 million, or 24.1%. The increase was driven by the expansion of our business through acquisitions and organic growth. Our acquisition activity was more concentrated on tuck-ins with the addition of one new Core Agency. The new partnership added Nevada to our Core Agency footprint. Organic growth was very strong (2.5% for the year ended December 31, 2019) as we benefited from a combination of "hard" market conditions (increasing premium rates) and an increase in policy sales volume.

Other income for the year ended December 31, 2019 increased by $1.6 million compared to the corresponding period in 2018. The increase was primarily due to increased utilization of premium finance programs.

*Expenses*

**Employee compensation and benefits.** Employee compensation and benefits expense increased by $70.5 million, or 23.0%, from $307.1 million for the year ended December 31, 2018 to $377.6 million for the year ended December 31, 2019. The increase was primarily due to the increased headcount from acquired insurance agencies and the resulting increases in employee salary, commission, bonuses, and related benefit and payroll tax expenses. Compensation expense as a percentage of total revenues remained consistent around 60.0%.

**Other operating expenses.** Other operating expense increased by $16.0 million, or 21.0%, from $76.1 million for the year ended December 31, 2018 to $92.1 million for the year ended December 31, 2019. The increase in expenses was primarily due to elevated acquisition activity. However, other operating expense as a percent of revenues decreased from 14.9% for the year ended December 31, 2018 to 14.5% for the year ended December 31, 2019 as a result of scale efficiencies from higher margin acquisitions.

**Amortization.** Amortization expense increased by $9.3 million, or 36.2%, from $25.8 million for the year ended December 31, 2018 to $35.1 million for the year ended December 31, 2019. The increase was primarily due to acquisition activity.

**Depreciation**. Depreciation expense increased by $1.3 million, or 43.2%, from $3.0 million for the year ended December 31, 2018 to $4.3 million for the year ended December 31, 2019. The increase was primarily due to acquisition activity. In addition, investments in cross core data initiatives added to the increase in expense.

**Interest**. Interest expense increased by $13.2 million, or 31.1%, from $42.5 million for the year ended December 31, 2018 to $55.8 million for the year ended December 31, 2019. The increase was directly attributable to an increase in outstanding debt from acquisition activity.

**Stock option expense.** Stock option expense increased by $9.3 million from $9.2 million for the year ended December 31, 2018 to $18.5 million for the year ended December 31, 2019. The increase was primarily due to an upward re-valuation of the outstanding stock options as a result of historical Adjusted EBITDA growth and an increase in market multiples.

**Change in estimated acquisition earnouts payable**. Estimated acquisition earnouts payable decreased substantially by $11.2 million from $12.5 million for the year ended December 31, 2018 to $1.3 million for the year ended December 31, 2019. In 2018, we paid the final earnout on three large Core Agencies. All three of these Core Agencies significantly outperformed our initial financial projections.

**Income taxes**. Income tax expense increased by $3.9 million from $3.1 million for the year ended December 31, 2018 to $7.0 million for the year ended December 31, 2019. This was the result of an increase in taxable income related to the cumulative effect of the adoption of Topic 606. It is anticipated that this will cause additional income tax expense from 2019 to 2022.

*Net Income*

For the year ended December 31, 2019, we had net income of $42.9 million compared to $31.9 million for the year ended December 31, 2018, due to the cumulative effect of the factors discussed above.

## Liquidity and Capital Resources

### *Liquidity*

Our primary sources of liquidity are cash flows from operations, cash and cash equivalents on the balance sheet, and funds available under the Revolving Credit Facility. Historically, our capital requirements have been for debt service obligations and to fund the acquisition of brokerage operations. The insurance brokerage industry is generally not capital intensive. We believe that our projected cash flows generated from operations, cash and cash equivalents on hand, and borrowings under our Senior Secured Credit Facilities are sufficient to fund our principal debt payments, our working capital needs, planned future acquisitions, and capital expenditure for the next twelve months.

We are, and after the completion of this offering will continue to be, significantly leveraged. As of December 31, 2020, on an as adjusted basis after giving effect to the Transactions, we would have had approximately $1,513.9 million of total debt outstanding, including $400.0 million of the Notes offered hereby. Our liquidity requirements will be significant, primarily due to our acquisition pipeline and debt service requirements. See "Description of Certain Other Indebtedness" and "Description of Notes."

We, or our affiliates, may from time to time seek to repurchase or retire the Notes or loans outstanding under our credit facilities through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, tender offers, or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity, contractual restrictions, and other factors. The amounts involved may be material.

### *Cash and Cash Equivalents*

As of December 31, 2020, on an as adjusted basis after giving effect to the Transactions, we would have had cash and cash equivalents of $127.3 million. As of December 31, 2020, we had $250.0 million available under our Revolving Credit Facility.

In our capacity as an insurance agent or broker, we typically collect premiums from clients and, after deducting our authorized commission, remit the net premiums to the appropriate insurance company or companies. Accordingly, premiums receivable from clients are included in "trade accounts receivable" in our consolidated balance sheet. We have a fiduciary responsibility for unremitted net insurance premiums until they are remitted to the insurance company. We invest these unremitted funds in cash, money market accounts, and short-term commercial paper. In certain states in which we operate, the use and investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as "restricted cash" on our consolidated balance sheet. The interest income earned on these unremitted funds is reported as investment income in our consolidated statements of income. At December 31, 2020 and 2019, fiduciary assets of $339.6 million and $295.4 million, respectively, comprised of $101.4 million and $76.7 million respectively, of restricted cash and cash equivalents and $238.2 million and $218.7 million, respectively, of accounts receivable — trade, were offset by $339.6 million and $295.4 million, respectively, of accounts payable — trade.

In other circumstances, the insurance companies collect the premiums directly from the clients and remit the applicable commissions to us. Commissions due from insurance companies are included in trade accounts receivable in our consolidated balance sheet.

### ***Cash Flows***

*Operating Activities*

Our operating activities primarily consist of collection of commission and fees offset by payments of expenses for compensation, benefits and other operating expense, as well as changes in working capital.

Net cash provided by operating activities was $139.4 million for the year ended December 31, 2020, as compared to $78.6 million for the year ended December 31, 2019. The increase in net cash provided by operating activities was primarily due to the expansion of our business through acquisitions, elevated profitability from partnering with higher margin Cores Agencies, and lower travel expenses as a result of the COVID-19 pandemic.

Net cash provided by operating activities was $78.6 million for the year ended December 31, 2019, as compared to $106.1 million for the year ended December 31, 2018. The decrease in net cash provided by operating activities was primarily due to earnout payments related to new Core Agencies that significantly outperformed initial projections and an increase in income taxes paid.

*Investing Activities*

Our investing activities primarily consist of purchases of insurance brokerage business operations, sales or purchases of books of businesses or customer accounts, and purchases of fixed assets.

Net cash used in investing activities was $348.9 million for the year ended December 31, 2020, as compared to $148.2 million for the year ended December 31, 2019. The increase in net cash used in investing activities was primarily due to acquisition activity.

Net cash used in investing activities was $148.2 million for the year ended December 31, 2019, as compared to $127.0 million for the year ended December 31, 2018. The increase in net cash used in investing activities was primarily due to acquisition activity.

*Financing Activities*

Our financing activities primarily consist of borrowings under our credit facilities and the generation or uses of capital sources.

Net cash provided by financing activities was $277.1 million for the year ended December 31, 2020, as compared to $45.6 million for the year ended December 31, 2019. Increases in cash inflows from financing activities during the year ended December 31, 2020 were primarily related to borrowings to fund acquisitions.

Net cash provided by financing activities was $45.6 million for the year ended December 31, 2019, as compared to $100.3 million for the corresponding period in 2018. Cash flows from financing activities decreased in 2019 compared to 2018 due to the timing of the borrowings for January 1, 2019 acquisitions. Borrowings for those 2019 acquisitions were made late December 2018.

### Contractual Obligations

The following table summarizes our contractual cash obligations as of December 31, 2020, and the effect these obligations are expected to have on liquidity and cash flow in future periods. The following table does not give effect to this offering or the use of proceeds therefrom nor does it include future obligations related to management equity and stock compensation plans.

| | Payments Due In Period | | | | |
|---|---|---|---|---|---|
| **(in thousands)** | **Total** | **Less than one year** | **One to three years** | **Three to five years** | **More than five years** |
| Long-term debt(1)(2) | $1,411,185 | $ 18,483 | $ 30,019 | $ 27,915 | $1,334,768 |
| Estimated cash interest | 346,167 | 58,079 | 114,374 | 111,890 | 61,724 |
| Earn-out payables(1)(3) | 105,865 | 37,211 | 59,556 | 5,849 | 3,248 |
| Capital lease obligations(1) | 870 | 284 | 395 | 190 | — |
| Operating lease obligations | 87,568 | 22,510 | 29,747 | 15,953 | 19,358 |
| Contractual obligations | $1,951,555 | $136,568 | $234,092 | $161,797 | $1,419,099 |

(1) Reflects total payments due, rather than amounts recognized on the consolidated balance sheet, which give effect to present value discounts on earn-outs, capital lease obligations and certain seller finance obligations assumed in business combinations.

(2) See note 8 of our consolidated financial statements for further details.

(3) Reflects the deferred contingent consideration arising from the acquisitions of various insurance businesses and operations.

### Off-Balance Sheet Arrangements

Other than operating lease obligations as described above in "— Contractual Obligations," we have no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, operating results, or liquidity.

### Critical Accounting Policies and Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management uses estimates and assumptions in accounting for the following significant matters, among others: commissions receivable from insurance companies, allowance for doubtful accounts and cancellation reserve, goodwill and other intangible asset impairment analyses, incremental cost to obtain, cost to fulfill customer contracts, useful lives of intangible assets, and the fair value of assets acquired, liabilities assumed, and earnout payables recorded from acquisitions. We continually evaluate these estimates, which are based on historical experience and on assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for our judgments about the carrying values of the assets and liabilities for which values are not readily apparent from other sources. Actual results may differ from these estimates.

#### *Commissions receivable from insurance companies*

We earn commissions and fees paid by insurance carriers for binding insurance coverage. Commission revenue is recognized when earned, which is generally at a point in time on the effective date of the associated policies when control of the policy transfers to the client. Commission revenue on premiums billed directly by insurance companies include an estimate for amounts for which the cash has not yet been received from the insurance company. We make an estimate for cancellation as well as audit adjustments based on historical data. Commission revenue is recognized net of any wholesale broker commissions. Contingent commissions from insurance companies are recognized over the service period based on our best estimate of amounts we have earned using historical averages and other factors to project such revenue. The final calculations for contingent commission revenue are often not completed until subsequent periods. Fee revenue is recognized as services are performed. If there are other services within the contract, we estimate the stand-alone price for each separate performance obligation, and the corresponding apportioned revenue is recognized over the period of time which the customer receives the service and as the performance obligations are fulfilled.

***Goodwill and other intangible asset impairment analyses***

The excess of the purchase price of an acquisition over the fair value of the identifiable tangible net assets and amortizable intangible assets are assigned to goodwill and other indefinite life intangible assets. While goodwill and indefinite life intangibles (i.e., trade names) are not amortizable, they are subject to at least an annual assessment for impairment by applying a fair-value based test. Initially, we assess various qualitative factors to determine whether it is more likely than not that the fair value of each of our reporting units is less than its carrying amount. For those reporting units where, based on the qualitative factors only, it is more likely than not that the fair value is less than the carrying amount, we compare the estimated fair value of each reporting unit with its carrying amount on a quantitative basis to determine if there is potential impairment of goodwill. Fair value is estimated based on multiples of revenues and EBITDA. If the estimated fair value of the reporting unit is less than the carrying value, an impairment loss would be recorded to the extent that the fair value of the reporting unit is less than its carrying value. We completed assessments as of September 30, 2020 and 2019, and identified no impairments.

The carrying value of amortizable intangibles attributable to each asset group comprising the Company is reviewed annually by management to determine if the facts and circumstances suggest that they may be impaired or if there is a change in the remaining useful life. In the insurance agency and brokerage industry, it is common for agencies or customer accounts to be acquired at a price determined as a multiple of their corresponding revenues or EBITDA. Accordingly, we assess the carrying value of our intangible assets by comparison of a reasonable multiple applied to either corresponding revenues or EBITDA, as well as considering the estimated future cash flows generated by the corresponding reporting unit. Any impairment identified through this assessment may require that the carrying value or remaining useful life of related intangible assets be adjusted. See note 5 of our consolidated financial statements for indefinite life intangible assets moved to amortizable intangibles. There were no impairments of amortizable intangible assets during the years ended December 31, 2020 and 2019.

***Incremental cost to obtain***

We defer certain costs to obtain customer contracts related to commission-based compensation plans under which we pay an incremental amount of compensation on new business, which are included in other assets in our consolidated balance sheet. Acquired costs to obtain are brought on through purchase accounting with an offset to goodwill. These incremental costs are deferred and amortized over a period commensurate with the expected life of the customer relationship. For incremental costs with an amortization period of less than 12 months, the costs are expensed as incurred.

***Cost to fulfill customer contracts***

We defer certain costs to fulfill contracts and to recognize these costs as the associated performance obligations are fulfilled, which are included in other assets in our consolidated balance sheet. In order for the contract fulfillment costs to be deferred, the costs must (a) relate directly to a specific contract or anticipated contract, (b) generate or enhance resources that the Company will use in satisfying its obligations under the contract, and (c) be expected to be recovered through sufficient net cash flows from the contract. Acquired costs to fulfill contracts are brought on through purchase accounting with an offset to goodwill.

*Useful lives of intangible assets*

Amortizable intangible assets are stated at cost, less accumulated amortization, and primarily consist of purchased customer accounts, non-compete agreements and certain trade names. Amortizable intangible assets are amortized on a straight-line basis over the related estimated lives and contract periods, which range from two to five years for non-compete agreements, one to five years for trade names, and 10 to 21 years for customer accounts. Purchased customer accounts primarily consist of relationships and records obtained from acquired businesses that contain information about insurance policies and the related insured parties that are essential to policy renewals.

*Fair value of assets acquired, liabilities assumed, and earnout payables recorded from acquisitions*

The fair value of purchased customer accounts is determined based on the multiple period excess earnings method. Significant assumptions include projected rate and exposure growth in the premiums giving rise to the commission revenue based on the history of the acquired book of business and the history of the acquiring core operation, projected annual survivorship of customer accounts, contributory asset charges based on the values estimated for other intangible assets acquired and ratios of payroll and other expenses to projected commission revenue.

The fair value of amortizable and indefinite-lived trade names is determined based on the relief from royalty method. Significant assumptions include estimated royalty rates based on industry data of royalties charged for leased trade names and revenue growth rates based on the historical revenue growth rates in the acquired book of business and the historical revenue growth rates of the acquiring core operation.

The recorded purchase price for all acquisitions includes an estimation of the fair value of liabilities associated with any potential earnout obligations. Subsequent changes in the fair value of earnout obligations are recorded in our consolidated statements of income when determined. The fair value of earnout obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management and reflects market participant assumptions regarding revenue growth and/or profitability. The range of revenue growth rates used in these estimates for 2020 acquisitions was generally 1% to 5% (2019: 0% to 5%; 2018: -2% to 5%). The expected future payments are estimated based on the earnout formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earnout payments will be made. The range of discount rates used in these estimates for 2020 acquisitions was 3% to 11% (2019: 6% to 12%; 2018: 5% to 11%).

**Recent Accounting Pronouncements**

*Adopted Accounting Pronouncements*

We did not adopt any new accounting pronouncements in the year ended December 31, 2020.

*Pending Accounting Pronouncements*

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which introduces a lessee model that brings most leases onto the balance sheet and includes new guidance for identifying and classifying lease arrangements. In June 2020, the FASB issued ASU 2020-05 — *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): Effective Dates, which delayed the effective date for non-public business entities from the year ending December 31, 2021 to the year ending December 31, 2022. We have already adopted Topic 606, but are yet to adopt Topic 842. When ASU

No. 2016-02 is adopted, we plan to use a modified retrospective method. We are currently assessing the impact that adopting this guidance will have on our consolidated financial statements.

In November 2019, the FASB issued ASU 2019-10 — *Financial Instruments — Credit Losses* (Topic 326), *Derivatives and Hedging* (Topic 815)*, and Leases* (Topic 842)*: Effective Dates*, which delayed the effective date for non-public business entities from the year ended December 31, 2020 to the year ending December 31, 2021. When adopted, we plan to use the modified retrospective method. We are currently assessing the impact that adopting this guidance will have on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires deferral of certain implementation costs associated with a cloud computing arrangement or hosting arrangement thereby aligning deferral of such costs with implementation costs associated with developing internal-use software. Accounting for the service component of a hosting arrangement remains unchanged. An entity will defer these implementation costs over the term of the hosting arrangement, including optional renewal periods that are reasonably certain of exercise. Amounts expensed would be presented through operating expense, rather than depreciation or amortization. The new guidance is effective for the year ending December 31, 2021, with early adoption permitted. When ASU No. 2018-15 is adopted, we will have the option to choose whether or not prior periods will be revised to incorporate the effects of the new guidance. We are currently assessing the impact that adopting this guidance will have on our consolidated financial statements.

**Qualitative and Quantitative Disclosures about Market Risk**

We are exposed to financial market risks, including changes in interest rates. We use various techniques to manage our risk, including, from time to time, the use of derivative instruments. We do not use derivative financial instruments for speculative purposes.

***Interest Rate Risk***

Our exposure to interest rate changes results from our interest-rate-sensitive liabilities such as our First Lien Term Facility and our Revolving Credit Facility. In order to mitigate the variability of our interest payments and any future interest rate increase, on April 29, 2020 we entered into a five-year interest rate swap against one-month LIBOR with a $500 million notional value and zero percent floor. The swap is carried at fair value of $3.7 million within other noncurrent liabilities in our consolidated balance sheets as of December 31, 2020. We record changes in fair value of the swap through net income.

# BUSINESS

## Our Company

Founded in 2000, we are one of the largest, fastest-growing, insurance brokerage companies in the United States. We have expanded both organically and through acquisitions, as the middle-market retail insurance brokerage industry continues to consolidate. We offer a broad range of P&C and employee benefits insurance products to small, midsize and large businesses, public institutions, and individuals.

We have achieved significant growth in a highly fragmented industry through a disciplined acquisition strategy. Our unique approach to acquisitions employs a hub and spoke model by investing in a select group of high performing, entrepreneurial independent insurance agencies (our "Core Agencies"). Our Core Agencies are among the leading independent agencies in their respective markets, with outstanding leaders and well-earned reputations as expert risk advisors.

We are successful in attracting high performing Core Agencies because we utilize a unique co-ownership business model that creates a true partnership. After the acquisition, the leaders of our Core Agencies retain equity in the businesses they run, which aligns their interests and financial incentives with ours. Also, we have found this owner/operator culture to be beneficial for both talent retention and long-term engagement following our initial investment. The preservation of independence also ensures the entrepreneurial and high-growth culture of the Core Agencies is maintained.

After we invest in Core Agencies, we work with them to accelerate their growth trajectory. Bolstered by transactional and capital support, our 25 Core Agencies go on to make and fully integrate accretive tuck-in acquisitions that increase their margins and scale their business. In addition to growth through acquisitions, we support our Core Agencies with the resources to recruit and develop strong producers, optimize commission arrangements, share best practices and enable data analytics to drive organic growth. We were the 14$^{th}$ largest U.S. insurance broker and the 7$^{th}$ largest independent U.S. P&C insurance broker based on revenue generated in 2019. Additionally, we are the 3$^{rd}$ most acquisitive insurance broker with 257 deals completed between 2012 and 2020. We have a highly diversified earnings base with consistently strong revenue and producer retention rates. For the year ended December 31, 2020, we generated Acquisition Adjusted Revenue of $865 million and Acquisition Adjusted EBITDA of $246 million (Acquisition Adjusted Revenue and Acquisition Adjusted EBITDA incorporate the full annual impact of revenue and EBITDA from acquisitions that we have made in the last twelve months).

We believe that we are one of the few insurance brokers with an operating model that combines a strong local presence with a national platform. Our corporate office is based in Columbus, Ohio, and there are 317 agency locations across 35 states. Our strategic direction and our administrative, accounting, and legal functions are all managed on a centralized basis. This ensures that our agencies are supported with an infrastructure that facilitates strong governance and controls. However, to optimize success and address local market nuances, each of our 25 Core Agencies has its own management team that executes on its growth targets while managing the day-to-day operations of their offices. Furthermore, our clients have the benefit of local risk managers to serve their unique needs. This operating model allows us to be nimble enough to quickly respond to changes in our local markets with the economies of scale, operating efficiencies, and carrier relationship leverage that comes with a large national platform.

We are currently backed by a consortium of investors comprised of OTPPB and Century, who are long-term investors with extensive experience in the insurance sector. OTPPB and Century made their initial investment in March 2012, when they acquired a majority stake in our business from State Auto Mutual Insurance Company.

***Our Products and Services***

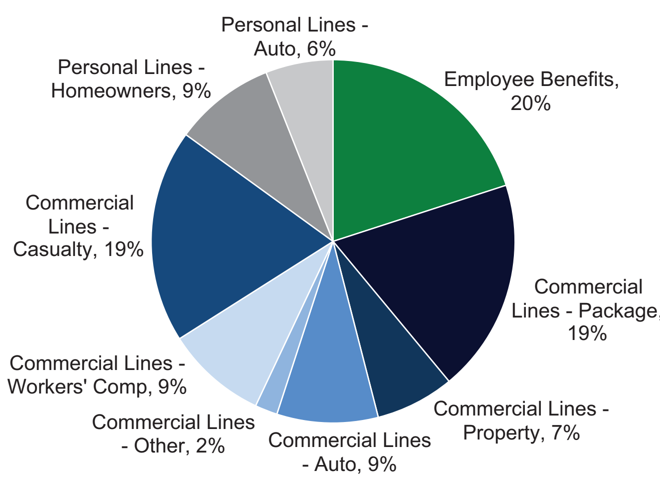
We offer a wide array of insurance services and solutions, which are offered through a vast network of regional, super-regional, and national insurance carriers and wholesale brokers. Our commercial clients operate in a variety of industries including construction, manufacturing, real estate, professional services, and healthcare. For the year ended December 31, 2020, our top client accounted for only 2% of Acquisition Adjusted Revenue, and our top ten clients represented 7% of Acquisition Adjusted Revenue. The diversity of our Core Agencies ensures that no material part of our business is dependent upon a single or small group of customers. Our primary insurance services and solutions include commercial lines, personal lines, and employee benefits.

*Commercial Lines (65% of Acquisition Adjusted Revenue)*: We offer a variety of commercial lines products including commercial casualty, commercial property, workers compensation, surety, commercial liability, and commercial auto. Our commercial clients are small and middle market businesses in a variety of industries including commercial agriculture, retail, construction, government, aviation, environmental services, legal, hospitals, manufacturing, and hospitality. Annual premiums for our commercial lines were $3.8 billion during the year ended December 31, 2020.

*Personal Lines (15% of Acquisition Adjusted Revenue)*: We offer a comprehensive suite of personal lines product offerings including home, personal auto, boat, umbrella package, and recreational vehicle insurance. Our personal lines clients are typically high net worth individuals or families, and many of the customers are management teams or employees with businesses who also purchase their commercial lines insurance from us. We placed $802 million in personal lines premiums during the year ended December 31, 2020.

*Employee Benefits (20% of Acquisition Adjusted Revenue)*: We provide employee benefit services and individual health insurance solutions including medical, dental, vision, Section 125 pre-tax accounts and disability. Our clients are typically middle market businesses and, to a lesser extent, individuals. During the year ended December 31, 2020, we placed $2.8 billion in employee benefits premiums.

The following chart illustrates the percentage of Acquisition Adjusted Revenue generated from each product line for the year ended December 31, 2020.



## Our Industry

We compete in the U.S. insurance brokerage industry. Insurance brokers help their customers assess the types of risks they face and then find the most suitable, cost effective insurance policies. Brokers are also indispensable partners for insurance carriers by functioning as an outsourced sales force and providing post-sale services. Furthermore, as insurance products become more complex and new risks requiring insurance are introduced, brokers will continue to be an integral part of the distribution channels because of their specialized knowledge as trusted risk advisors.

The U.S. insurance brokerage industry is comprised of large, global insurance conglomerates, mid-sized national participants, and small local brokers. Aon plc, Marsh & McLennan Companies, Inc., and Willis Towers Watson plc make up the large global participants in our market. The mid-sized component of the market is comprised of A.J. Gallagher & Co., Brown & Brown Inc., Hub International Limited, Acrisure LLC, USI Inc., Alliant Holdings I, L.P, NFP Corp, AssuredPartners, Inc., Galway Insurance Holdings, ourselves, and a number of insurance brokers affiliated with financial institutions. The remainder of our industry is highly fragmented and includes approximately 36,500 regional and local participants that vary in size and scope. Many of these smaller operators focus on niche markets or specific geographies.

We believe that this market fragmentation provides significant runway for revenue growth, both organically and through acquisitions. In recent years, there has been a significant amount of acquisition activity amongst insurance brokers. In 2019 and 2020 there were 649 and 774 insurance broker acquisitions, respectively, according to Optis Partners. However, despite the recent consolidation, the industry remains highly fragmented and there continues to be a myriad of insurance agencies across the U.S.

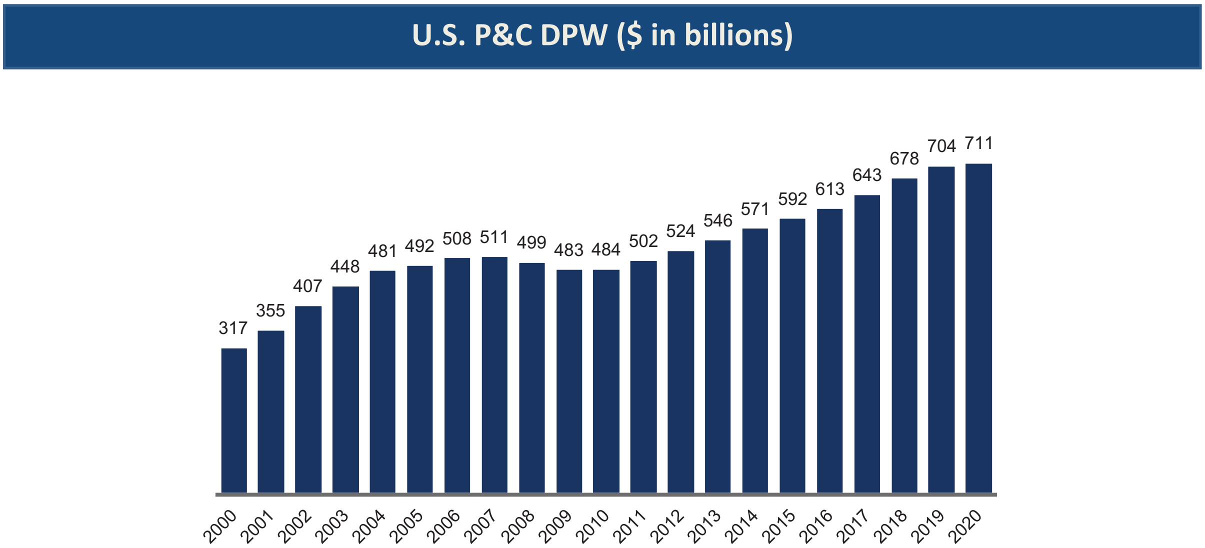
### *Property and Casualty (P&C) Insurance Market*

Insurance brokers sell products that provide P&C insurance coverage to businesses, public entities, and individual clients, while insurance carriers provide the actual risk management services.

Insurance brokers generate revenue through commissions, which are calculated as a percentage of the total insurance premium, and through fees for management and consulting services. Absent changes in rates, premiums in the P&C insurance market fluctuate commensurate with underlying insured exposures. P&C insurance premiums are determined primarily by underwriting capacity amongst the carriers, economic conditions, and expected loss experiences. External events, such as terrorist attacks and natural disasters, can have a significant impact on the availability of capital and rates in the insurance market.

We use the terms “soft market” and “hard market” to describe insurance industry conditions. A soft market is characterized by declining premiums due to capital build-up and increased competition. However, in a soft market insurance buyers typically reduce deductibles, expand their existing coverage policies, and purchase new coverage, thereby maintaining their spending. A hard market is characterized by a period of rising premiums, scarcity of capital, and less competitive underwriting conditions. In a hard market, clients may moderate their insurance costs by reducing coverage, self-insuring some risks, and maintaining higher deductibles. As a result of these trends premiums, and resulting brokerage commission, tend to be relatively stable. We are currently experiencing hard market conditions as a result of several recent sizeable catastrophes and COVID-related loss activity. Hard and soft markets can also be impacted by either broad-based insurance trends or by nuanced factors affecting individual insurance product lines or specific geographies.

The following chart illustrates DPW in the U.S. P&C market since 2000. Direct premiums have grown at a CAGR of 4.1% per year since 2000.




Source: S&P Global Market Intelligence

***Employee Benefits Insurance Market***

Employee benefit brokers serve businesses by providing their employees with access to medical, dental, life, and disability insurance coverage. In addition to functioning as distributors, employee benefit brokers can also provide assistance with designing employee benefit plans. Employee benefit brokers typically enable businesses to completely outsource the design, management, and administration of their employee benefit programs. The specialized knowledge of employee benefit brokers, and the advice they provide, is very valuable for employers as it alleviates the need to commit substantial internal resources or invest in technology to facilitate these plans.

Demand for employee benefit services and solutions is principally driven by overall employment levels, whereas employee benefit premiums tend to increase with medical cost inflation. In recent years, the design and implementation of employee benefit programs has become much more sophisticated. As businesses continue to face rising healthcare costs, pension deficits, and an increasingly complex regulatory environment, there has been a substantial increase in demand for brokers who can navigate the evolving landscape and ease the burden of medical cost inflation. Furthermore, as employee benefits continue to be a key component to attracting and retaining talent, brokers will remain a critical partner for employers.

***Impact of COVID-19***

The insurance brokerage sector has remained relatively resilient during the COVID-19 pandemic. This is because P&C coverage is typically non-discretionary and is purchased annually. Retention rates continue to be high as customers typically do not change their policies after they have been initiated. Furthermore, "hard" market conditions driven by recent catastrophic events, low interest rates, and social inflation have aided commission revenue.

Employee benefit and discretionary business lines slowed as a result of the linkage to payrolls and unemployment levels, but this has been more than offset by the factors outlined in the prior paragraph. Also, margins and cash flows remained resilient as most brokers carry highly variable cost structures and were able to quickly scale their operations.

While cash conservation and shoring up of balance sheets was the focus early on in the pandemic, M&A activity continued at a record pace as the year progressed. This was primarily driven by availability of capital and pent-up demand (after a relatively slow start to the year). Smaller firms also became more open to selling as they faced technological challenges, struggled to adapt to a work from home environment, and potential election / tax uncertainties.

**Our Competitive Strengths**

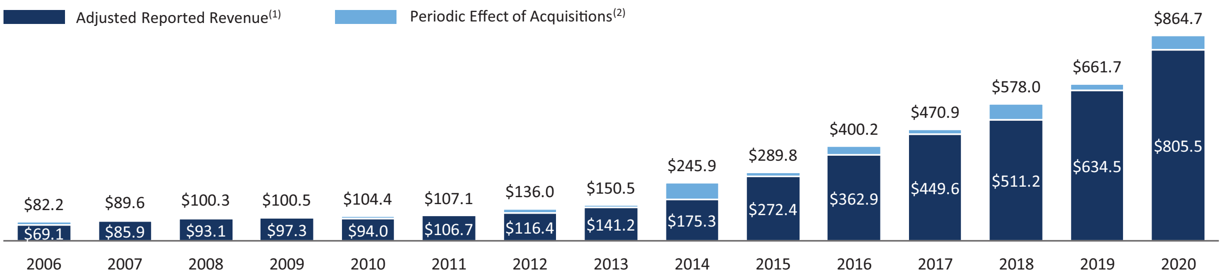
We believe that the following competitive strengths have been instrumental to our success and positions us to accelerate growth and increase market share.

*Growing Middle-Market Broker in an Attractive Industry*. We are a leading insurance broker, operating in an attractive industry with strong fundamentals. We focus on the middle market segment of the insurance brokerage industry, which is highly fragmented and comprised of over 36,500 U.S. insurance agencies. Aside from four large global brokers, no middle market broker had more than 5% market share (based on 2019 U.S. brokerage revenue) in 2020. We believe that our scale, reputation, established track record, and strong local relationships will allow us to continue to expand our leadership position. Our Acquisition Adjusted Revenue CAGR from 2012 to 2020 was 26%.

*Proven Acquirer with Unique Partnership Model.* We have a consistent track record of completing between one and three Core Agency partnerships each year. We enter markets by making majority investments in Core Agencies. This allows existing agency owners to either buy out a retiring partner or partially monetize their ownership interest, while continuing to manage their business. Co-owner partners of our Core Agencies typically retain a 20-30% equity stake post-investment. This investment structure keeps management teams highly engaged and aligns our financial interests with the Core Agencies. These partnerships have been very successful as they provide management teams with the "best of both worlds", operational autonomy coupled with access to our expansive resources, scale, risk management and governance expertise and acquisition capabilities. We completed 257 transactions from 2012 to 2020, and we have 355 individual co-owner partners.

*Highly Diversified and Recurring Revenue Base*. Our revenue base is highly diversified across clients, product lines, producers, carriers and geography. This limits our exposure to potential volatility in certain sectors, local markets and individual producers, while also reducing our reliance on any individual client relationship. For the year ended December 31, 2020, our top client accounted for only 2% of Acquisition Adjusted Revenue and our top ten clients represented 7% of Acquisition Adjusted Revenue. Our average aggregate customer retention rate has been 90% and, for acquired books of business, it has been 95%, in each case during 2020. As further described in "— Our Company — Our Products and Services" above, no single product line accounted for more than 20% of our Acquisition Adjusted Revenue during 2020. In addition, for the year ended December 31, 2020, our top ten producers represented only 6% of our Acquisition Adjusted Revenue and our top ten carriers represented 28% of Acquisition Adjusted Revenue, with no single carrier representing more than 6%. Furthermore, for the year ended December 31, 2020, no single state accounted for more than 14% of our Acquisition Adjusted Revenue, with our top seven states accounting for 51% of our Acquisition Adjusted Revenue.

*Robust Financial Performance with High Free Cash Flow Generation.* From 2012 to 2020, as shown in the chart below, we increased Acquisition Adjusted Revenue from $136 million to $865 million, representing a 26% CAGR. Our revenue growth is primarily due to our successful acquisition model, which is supplemented by organic growth, which has averaged 2.3% from 2012 to 2020.

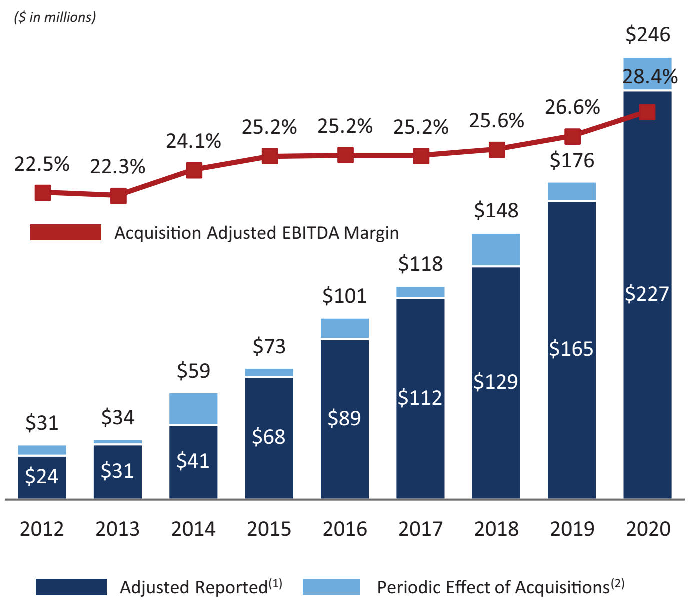



---

(1) Excludes realized gains.

(2) Gives effect to the full-year impact of acquisitions completed during the relevant period. See "Summary — Summary Consolidated Financial Data" for further details.

In addition, as shown in the chart below, our Acquisition Adjusted EBITDA grew in tandem from $31 million to $246 million from 2012 to 2020, representing a 30% CAGR, and our Acquisition Adjusted EBITDA Margin expanded from 22.5% to 28.4%, driven by margin-accretive acquisitions, disciplined expense management and operational scale efficiencies.

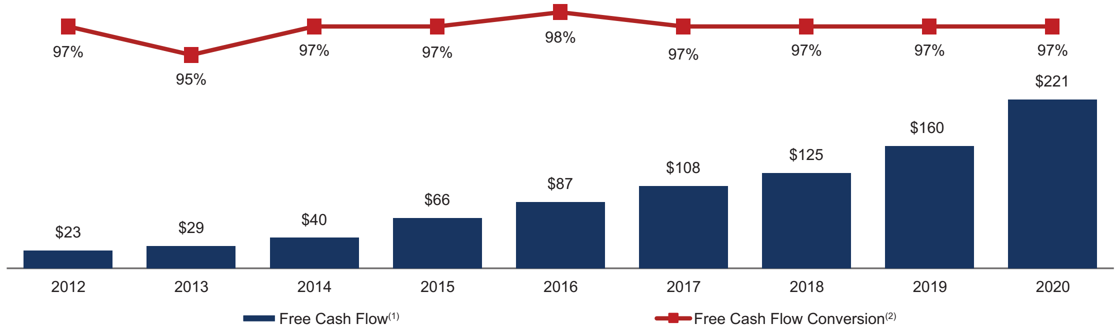



---

(1) Excludes realized gains.

(2) Gives effect to the full-year impact of acquisitions completed during the relevant period. See "Summary — Summary Consolidated Financial Data" for further details.

Furthermore, as shown in the chart below, our modest working capital and capital expenditure requirements have resulted in very robust 97% average Free Cash Flow Conversion over the same period, with our Free Cash Flow growing at a 30% CAGR.




(1) Defined as Adjusted EBITDA less capital expenditures. See "Summary — Summary Consolidated Financial Data" for further details.

(2) Defined as Free Cash Flow as a percentage of Adjusted EBITDA. See "Summary — Summary Consolidated Financial Data" for further details.

These financial characteristics have allowed us to make strategic investments into our business and to access the debt capital markets to drive growth.

*Established Executive Leadership Team with a Long-Term Track Record of Value Creation.* We are led by Rick Miley, founder and Chairman and Ken Kirk, Chief Executive Officer. Rick founded the business in 2000 and Ken joined in 2013 after more than 20 years as an executive with one of the largest publicly traded insurance brokers. Erin West, our Chief Financial Officer, joined in 2008 and was previously a Chief Financial Officer of a public insurance company. Dave Ross joined shortly after our inception and as our Vice President of Acquisitions, and has been part of almost every acquisition we have completed to-date. The average tenure of our senior executive team is 14.5 years. The business is overseen by a diverse nine-person Board of Directors that includes two female directors. Furthermore, the alignment with our highly entrepreneurial management teams at the Core Agencies is solidified by their significant equity stakes and the co-ownership model tends to attract younger management teams with longer time horizons.

*Long-term Experienced Sponsors with a Focus on Governance.* Our team is supplemented by our partnership with OTPPB and Century, who are long-term investors with extensive experience in the insurance sector. Beyond their vast experience, our sponsors bring a focus on long-term disciplined growth centered on good corporate governance. This focus starts with a significant investment in our diverse board of directors. Our independent board members include a former partner with KPMG, a chief executive officer of an insurance company (with a focus on cyber insurance), a former executive of a public company with a co-ownership model and a former executive with experience in insurance digitization. The audit committee of the board holds high responsibility over governance and the external and internal audit of our subsidiaries (financial, E&O and cyber).

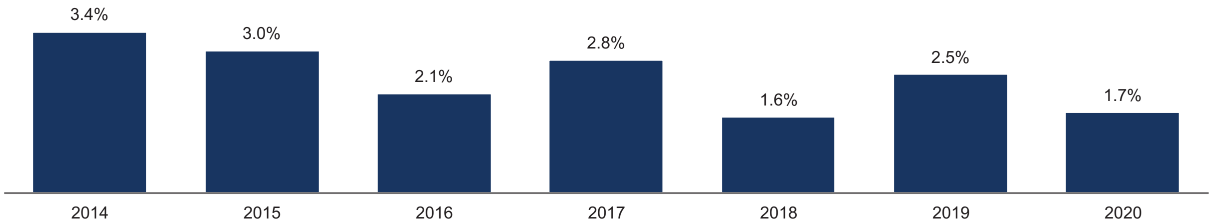
## Our Business Strategies

We intend to continue growing our business by pursuing the following strategies.

*Pursue Highly Accretive Acquisitions.* We plan to continue to execute upon a disciplined acquisition strategy, which will allow us to selectively enter new regions, build scale in existing markets, and expand our product and service portfolio. Since 2012, we have successfully executed and integrated 238 tuck-in acquisitions of agencies and books of businesses. Our platform is comprised of 25 Core Agencies and one way in which we support them is by identifying strategic tuck-in acquisitions. Our

Core Agencies typically make 30 – 50 tuck-in acquisition each year and these acquisitions are typically fully integrated within two years. The acquisitions completed in 2020 had an attractive weighted average upfront purchase price to EBITDA multiple of 8.5 times.

*Organic Growth*. We invest in entrepreneurial Core Agencies that are focused on accelerating underlying value through organic growth. As shown in the chart below, we have experienced positive organic growth in each of the past seven years (excluding the impact of Topic 606)(1).




(1) Figures represent percentage of growth in organic revenue compared to the prior period.

Our top five largest Core Agencies have averaged 3% organic growth over the past three years. Acquired agencies grow organically by hiring and developing new producers, increasing the quality and breadth of products offered, leveraging our national carrier relationships and through cross-selling products. We have aligned our interests with our Core Agency CEOs through a variable compensation structure with defined organic growth targets.

*Achieve Operational Efficiencies and Margin Improvements*. We strive to maintain strong margins while continuing to invest in future organic growth and acquisitions. We support our partners' efforts to develop new producers by providing access to sales programs and insurance company training schools. We provide our partners with reporting that includes information on their markets, their Core Agency peers (benchmarking), producer development progress, employee productivity and expense management.

*Maintain Adaptability and Capitalize on Evolving Market Environment*. Our national scale complemented by the local presence of our Core Agencies continues to help us maintain a nimble posture and creates the opportunity for us to capitalize on evolving market conditions. During COVID-19, we were not only able to effectively serve our existing client base, but also grew organically and through acquisitions. Our Core Agency partners' diverse local economies and specialty market niches help to mitigate regional impacts while creating market opportunities across states and business sectors. Our Core Agency partners also have a national network of colleagues to share best practices, act on data driven insights and leverage market intelligence giving us the best of all worlds. The individual strengths of our Core Agencies, combined with a shared data analytics platform, will continue to allow us to benefit from our industry specialties. At the same time, our strong integrated governance structure, including centralized reporting systems and resource allocation, enables us to prioritize both our employees' health and safety and financial performance. For example, during COVID-19, our common technological resources enabled us to rapidly take the vast majority of our employees to a work-from-home environment, allowing us to continue to serve our clients and grow our business during the pandemic. Furthermore, our cost profile is largely variable so there was limited impact on margins and cash flows. We will continue to capitalize on evolving market conditions in economically vibrant sectors like construction, and recovering middle market businesses, that we anticipate will provide additional opportunities for organic growth.

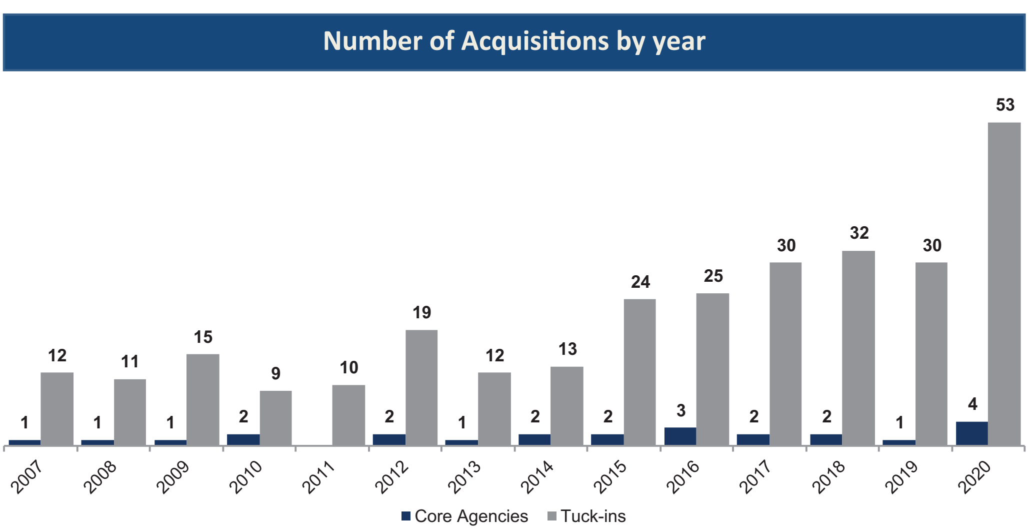
**Our Acquisition Platform**

We were the third most acquisitive insurance broker in 2020 with 257 transactions completed between 2012 and 2020. We have a consistent track record of completing between one and three Core Agency partnerships each year. We enter markets by making majority investments in Core Agencies. This allows existing agency owners to either buy out a retiring partner or partially monetize their ownership interest, while continuing to manage their business. Typical Core Agency partners typically retain a 20-30% equity stake post-investment. This investment structure keeps management teams highly engaged and aligns our financial interests with the Core Agencies. These partnerships have been very successful as they provide management teams with the “best of both worlds”, operational autonomy coupled with access to our broader resources, scale, risk management and governance expertise and acquisition capabilities.

We target primarily commercial and personal lines P&C operations and on occasion, benefit-only brokers. Management teams remain highly engaged in the business post-acquisition as a result of their significant equity stakes. Furthermore, the co-ownership model tends to attract younger management teams with longer time horizons. The average age of Core Agency management teams is 53 and we have 355 individual co-owner partners who have equity positions in their agencies.

We maintain an active pipeline of prospects for new Core Agencies. Our executive team has a well-developed network of agency leaders, insurance company representatives and industry consultants that we work with to develop relationships. We belong to a number of industry associations and our Core Agencies serve in leadership roles in these national, regional and state level groups. Furthermore, we actively prospect on behalf of several of our Core Agencies to add complementary capabilities to their business development efforts. These efforts help to accelerate the hub and spoke acquisition model we have established.

We have completed over 360 acquisitions since inception. The acquisitions completed from 2012 to 2020 had a weighted average purchase price to EBITDA multiple of 8.0 times. Our unique approach to acquisitions employs a hub and spoke model by investing in well-developed Core Agencies, and then working with them to accelerate their growth trajectory. Bolstered by transactional and capital support, our Core Agencies go on to make accretive tuck-in acquisitions that increase their margins and scale. We seek to ensure that all tuck-in acquisitions are fully integrated into the relevant Core Agency within two years of acquisition completion. We actively assist several of our Core Agencies with their acquisition effort and prospect on their behalf. In addition to growth through acquisitions, we support our Core Agencies with the resources to develop high-performing producers. To further align Core Agency partners’ incentives, our investments contain a meaningful earn-out component based on specified organic growth targets.

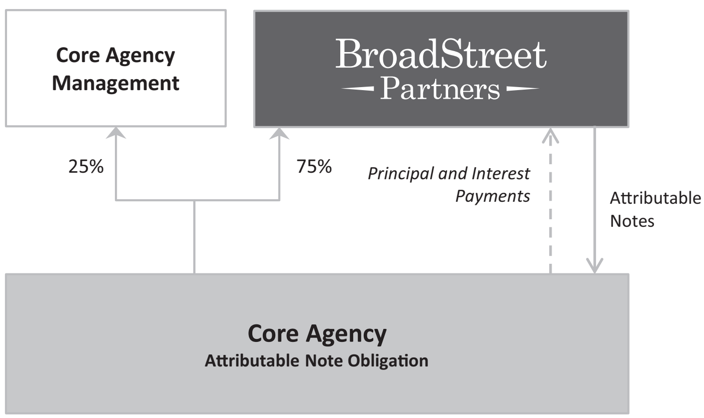


### *Attributable Notes Structure*

We use Attributable Notes, which are a form of intercompany debt, as part of the initial equity investments in the Core Agencies and any follow-on tuck-in acquisitions. At the time of investment, we downstream an Attributable Note obligation to the Core Agency and the debt service is payable to us. Therefore, the cash we receive over-time exceeds our initial ownership percentage. The Attributable Notes are also the most senior obligations of our subsidiary guarantors ranking ahead of management owner equity.

The Attributable Notes are typically structured with a 10 year tenor, approximately 10% per annum amortization and an interest rate that ranges from 5.5% to 6.5%. We also have the unilateral right to change the terms of the Attributable Notes, including amortization period and interest rates. As of December 31, 2020, we estimate that there was $659 million aggregate principal amount of Attributable Notes outstanding across the Core Agencies.

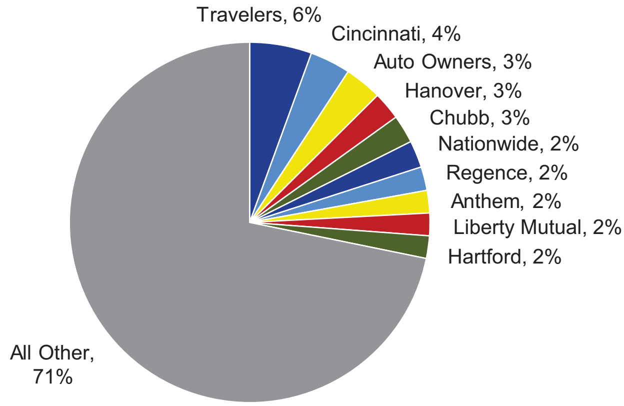
While all Core Agency subsidiaries guarantee our debt, including the Notes, the Attributable Notes provide an additional credit protection, as they are senior to any distributions to minority shareholders. The following chart illustrates a typical transaction where we invest 75% of a new Core Agency.




## Insurance Carriers

We maintain relationships with a geographically diverse collection of regional, super-regional and national insurance carriers who distribute their products through a myriad of independent agencies including Anthem, Chubb, Cincinnati Financial, The Hartford, Liberty Mutual, Nationwide, Travelers and others. For the year ended December 31, 2020, no single carrier accounted for more than 6% of our Acquisition Adjusted Revenue, with the top ten carrier relationships representing 28% of our Acquisition Adjusted Revenue. The breadth of our carrier relationships affords us access to ample alternatives for our clients and, in the event that any single carrier becomes unavailable, our customers will still receive competitive coverage terms.

The following chart illustrates the percentage of Acquisition Adjusted Revenue generated from each insurance carrier for the year ended December 31, 2020.




### Customers

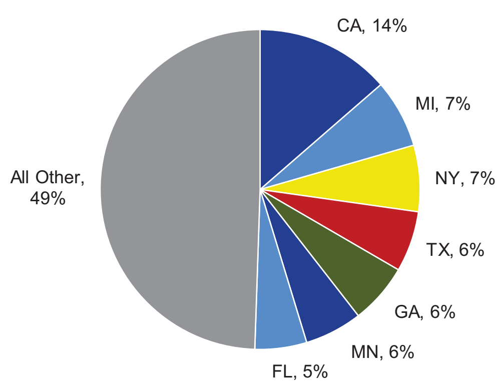
We maintain a large and diverse client base, which is made up primarily of middle market businesses and high-net worth individuals. No material part of our business depends upon a single or small group of clients, and we believe that the loss of any one client would not have a material adverse effect on our operations. For the year ended December 31, 2020, our top client accounted for 2% of our Acquisition Adjusted Revenue and our top ten customers represented less than 7% of our Acquisition Adjusted Revenue. While we have producers and local offices who may focus on certain industry verticals, our business is diversified and does not depend on any specific sector. Our average overall client retention rate has been 90.0% and for acquired books of business, it has been 95.0%, in each case in 2020.

### Producer Base

No material part of our business depends upon a single producer or a group of producers. For the year ended December 31, 2020, our top five producers accounted for less than 4% of Acquisition Adjusted Revenue and our top ten producers represented less than 6% of Acquisition Adjusted Revenue. Producer bonuses are tied to performance to align their interests with ours, and nearly all of our top producers are co-owners and hold an equity stake in their respective Core Agencies. Our breadth of high performing producers provides diversification benefits, while ensuring that we maintain a strong local presence with tailored services.

### Geographic Footprint

The following chart demonstrates our national footprint by the percentage of Acquisition Adjusted Revenue generated from each state for the year ended December 31, 2020.



**Competition**

Outside of the global insurance brokers, such as Marsh & McLennan Companies, Inc., Aon plc and Willis Towers Watson, the market is made up of mid-sized and large regional brokers, along with smaller local participants. We primarily compete with the mid-sized and large regional insurance brokers. However, in certain markets where no single insurance broker has established a leading presence, we compete with the smaller local participants. Our strong competitive positioning stems from our national footprint with tailored solutions that includes an extensive portfolio of products and services, as well as our established track record and reputation.

The insurance brokerage industry is very competitive when it comes to acquisitions, as broker consolidation has been a prominent trend over the past several years. Sources of competition come from other insurance brokers, insurance carriers, banks, private equity funds and other financial services companies who are all trying to strengthen their competitive positions and increase their market share.

We use a unique co-ownership investment structure in order to differentiate ourselves from other firms competing for insurance broker acquisitions. Our unique co-ownership approach allows selling owners to continue to financially benefit from continued growth: as their agency grows, the value of their equity grows. In addition to growth in value, our co-ownership partners receive regular cash distributions. Furthermore, our Core Agencies maintain their brand names, their management decision making authority, their staff and their leadership teams after we make our investment. We also support our Core Agencies with capital resources, unique carrier commission arrangements, best practice sharing, data analytics and tuck-in acquisition support.

**Employees**

As of December 31, 2020, we had 4,331 employees, including 894 producers in 317 agency locations in 35 states. None of our employees are represented by a labor union and we believe that we have excellent relations with our employees. There are no pending employment-related class action lawsuits.

We generally enter into agreements that contain confidentiality and non-disclosure provisions with certain of our employees, producers and consultants who have access to proprietary information. In addition, our producers and agency leaders (other than in California) typically sign two-year customer non-solicit and no-hire agreements, while owners of acquired businesses are required to sign non-compete agreements that typically run five years from the date of acquisition. Most importantly, management and key employees are owners of their respective core agencies and therefore have aligned contractual interest.

**Industry Regulation**

Our industry is subject to regulation and legal requirements and governmental regulatory supervision in the United States as well as in each state in which we operate. Although the scope of the regulations and requirements vary from jurisdiction to jurisdiction, they are generally designed to protect our clients by establishing minimum standards of conduct and practice. This includes the licensing of insurance agents and brokers, establishing safeguards for protecting client information collected as part of their business and proper handling and investment of client funds held in a fiduciary capacity. Our continuing ability to provide products and services depends upon our compliance with rules and regulations promulgated by regulatory authorities of each jurisdiction in which we operate.

*Licensing Requirements*

The relevant insurance brokerage is required to be licensed or have received regulatory approval to conduct business in each state in which we conduct business. In addition, most jurisdictions in which we operate require individuals engaging in brokerage and certain insurance service activities to be licensed personally. Licensing laws and regulations vary from jurisdiction to jurisdiction and are subject to amendment or interpretation by regulatory authorities, which generally have the discretion to grant, renew or revoke licenses and approvals.

*Disclosure Requirements*

Certain jurisdictions have newly implemented laws or regulations requiring enhanced disclosure of contingent commission arrangements and other relationships that we may have with insurance carriers to clients.

*Client Information Privacy*

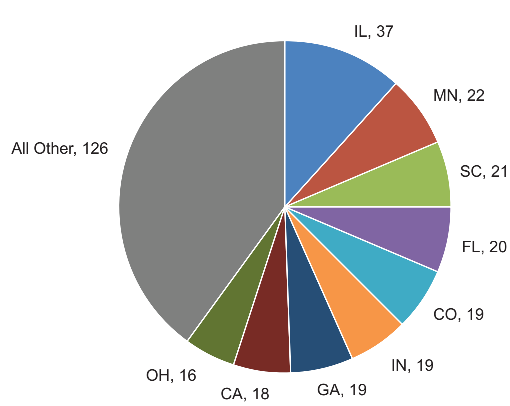
We are subject to a number of existing and changing laws in the United States aimed at protecting the privacy of individuals from undisclosed or non-consensual sharing of sensitive information for commercial purposes, including the Gramm-Leach-Bliley Act and the Health Insurance Portability and Accountability Act of 1996 at the federal level and the California Consumer Privacy Act, the California Privacy Rights Act, the NYS Cyber Regulation and other similar laws at the state level. There are similar privacy laws in the United Kingdom, including the Data Protection Act 2018. These laws govern and regulate the way in which we manage, store and disseminate information that we gather from our clients as we conduct assessments of their insurance needs. This information is shared both internally among our employees and, where appropriate and permitted, between us and other insurance carriers and third parties. We believe we have taken appropriate steps to safeguard our clients' information.

*Fiduciary Funds*

The handling and investment of client funds we hold in a fiduciary capacity are subject to extensive regulation and supervision. Such funds appear on our balance sheet as "restricted cash and cash equivalents" and are maintained in accounts segregated from our other cash and investment accounts. We believe we have taken appropriate steps to uphold our fiduciary duties to our clients in respect of these funds.

**Facilities**

As of December 31, 2020, we operated out of 317 offices across 35 U.S. states. We do not own any real estate. The chart below identifies the number of leases we have in each U.S. state:



**Legal Proceedings**

We have been subject to various claims, lawsuits, and proceedings that arise in the normal course of business. These matters principally consist of alleged errors and omissions in connection with the placement of insurance and the rendering of administrative or consulting services. The placement of insurance and the handling of claims involve substantial amounts of money. Since errors and omissions claims against us may allege our potential liability for all or part of the amounts in question, claimants may seek large damage awards and these claims can involve significant defense costs. Errors and omissions could include, for example, our employees or sub-agents failing, whether negligently or intentionally, to place coverage or to notify insurance carriers of claims on behalf of clients, to provide insurance carriers with complete and accurate information relating to the risks being insured or to appropriately apply funds that we hold for our clients on a fiduciary basis. Errors and omissions are generally covered in whole or in part by insurance, and the coverage limits and the amount of related deductibles of our errors and omissions insurance coverage are established annually based upon our assessment of our errors and omissions exposure, loss experience and the availability and pricing within the marketplace. Our premiums and deductibles associated with the purchase of errors and omissions coverage may be higher in certain years because of adverse market conditions for buyers of this coverage or our own claims experience. Recently, market conditions have caused us to raise the amount of our deductibles. In addition, errors and omissions insurance coverage is subject to numerous exclusions. While we endeavor to purchase coverage that is appropriate to our assessment of our risk, it is possible that our insurance coverage may be inadequate or unavailable and therefore our business, financial results or financial condition may be adversely affected. In addition, reputational damage caused by any of these matters could have a material adverse effect on our business.

We are also subject to litigation in circumstances where we hire producers or senior managers who are subject to confidentiality or non-solicitation agreements with our competitors. We have not recorded a liability related to any of these matters, other than for legal costs, because management is unable at the present time to make a determination that a loss is both probable and reasonably estimable.

We are periodically involved in other threatened and actual claims and litigation arising out of the ordinary course of business. Although we cannot be certain of the disposition of any claim or the outcome of any litigation, nor the amount of damages and exposure that we could incur, we currently believe that the final disposition of such matters will not have a material adverse effect on our business, results of operations, financial conditions or cash flows.

## MANAGEMENT

As of the date of this offering memorandum, the members of our board of directors and our executive officers are as follows:

| Directors and Executive Officers | Age | Principal Occupation or Position |
|---|---|---|
| Richard L. Miley | 67 | Executive Chairman and Chairman of the Board |
| Kenneth D. Kirk | 60 | Chief Executive Officer and Director |
| Erin E. West | 46 | Executive Vice President, Chief Financial Officer and Treasurer |
| James Parker | 42 | Chief Legal Officer, General Counsel, Senior Vice President, Director of Corporate Development and Secretary |
| Matt Riggs | 40 | Chief Accounting Officer and Vice President |
| David Ross | 53 | Senior Vice President |
| Matt O'Connell | 41 | Vice President of Accounting and Finance |
| Jeffrey Racz | 46 | Vice President |
| Mary Delgado | 50 | Assistant Vice President |
| Steve Bonasso | 39 | Assistant Vice President, Associate General Counsel |
| A.J. Cericola | 37 | Assistant Vice President |
| Jeffrey Markusson | 47 | Director |
| Greg Nielsen | 45 | Director |
| Dennis H. Freeman | 71 | Director |
| Mario Vitale | 65 | Director |
| Stephen Marquardt | 44 | Director |
| Toby Alfred | 65 | Director |
| Jennifer Borggaard | 51 | Director |

### Biographies

***Richard L. Miley***

Richard L. Miley, Executive Chairman and Chairman of the Board of Directors, founded the Company in 2001. He served as Chief Executive Officer until March 2021, when we implemented a long-term succession plan whereby he became Executive Chairman and Chairman of the Board of Directors under a five-year employment agreement in order to ensure continuity through the transition phase. Prior to founding the Company, Mr. Miley served in senior executive positions at a publicly-traded property and casualty insurer. He began his career by starting and expanding a farm holding company that continues as a large-scale commercial grain operation. Mr. Miley holds a bachelor's degree in finance and a master's degree in business administration from the Ohio State University, where he was a Griffith Foundation Scholar.

***Kenneth D. Kirk***

Kenneth D. Kirk, Chief Executive Officer and Director, joined us in 2013, and became Chief Executive Officer in March 2021. Prior to joining us, he was the regional president of a large national brokerage and, prior to that, CEO and owner of a regional, independent insurance agency. Mr. Kirk serves as the Chairman of CopperPoint Mutual Insurance Company and is a Founding Member of the Arizona chapter of the Insurance Industry Charitable Foundation. He holds a bachelor's degree in accounting from Arizona State University.

***Erin E. West***

Erin E. West, Executive Vice President, Chief Financial Officer and Treasurer, is responsible for all aspects of our financial reporting, accounting management and capital management. She joined us in 2008. Prior to joining us, Ms. West was CFO of ProCentury Corporation, a publicly-traded property and casualty insurance company. She is a CPA and began her career at KPMG, working primarily with insurance and financial services companies. Ms. West holds a bachelor's degree in business administration from Otterbein College.

***James Parker***

James Parker, Chief Legal Officer, General Counsel, Secretary and Senior Vice President, joined us in 2020. He has twenty years of experience working with insurance intermediaries. Prior to joining us, Mr. Parker was a Partner at a national law firm where he led the firm's national insurance brokerage and insurance regulatory practice. Prior to that, he was a broker for a national public entity and pooling wholesale broker and MGA in Chicago, IL. Mr. Parker has represented self-insurance trusts, life and health insurers and property and casualty carriers in regulatory, formation, mergers and general business matters. He holds a bachelor's degree in finance from Florida State University and a juris doctor from Indiana University Maurer School of Law.

***Matt Riggs***

Matt Riggs, Chief Accounting Officer and Vice President, joined us in 2014. Previously, he was a senior manager at Deloitte & Touche LLP, where he led audit engagements primarily for insurance firms. Mr. Riggs is a CPA and holds bachelor's degrees in accounting and economics from the University of Kentucky.

***David Ross***

David Ross, Senior Vice President, is responsible for our agency mergers and acquisitions. He joined us in 2002. Previously, Mr. Ross held finance and accounting management positions at Century Insurance Group and Nationwide Insurance. He began his career as an auditor at KPMG after earning a bachelor's degree in accounting from the Ohio State University. Mr. Ross is a Certified Valuation Analyst and a CPA.

***Matt O'Connell***

Matt O'Connell, Vice President of Accounting and Finance, joined us in 2019 and is responsible for GAAP accounting and financial reporting. Previously, he held roles in the accounting and finance departments of Abercrombie & Fitch and DotLoop and was an audit senior manager at Deloitte & Touche LLP. Mr. O'Connell is a CPA and holds a bachelor's degree in accounting and an MBA from Indiana University.

***Jeffrey Racz***

Jeffrey Racz, Vice President, joined us in 2010. He is responsible for cross-platform projects. Previously, Mr. Racz held roles in corporate strategy, enterprise planning and investor relations at Meadowbrook Insurance Group, ProCentury Corporation and Nationwide Insurance. He holds a bachelor's degree in finance from the University of Notre Dame and an MBA from the Ohio State University.

***Mary Delgado***

Mary Delgado, Assistant Vice President, joined us in 2007 and is responsible for our compliance and tax operations. Previously, she was an accounting professional at Nationwide Insurance and Frontier Insurance Company, and served in the United States Navy. Ms. Delgado earned a bachelor's degree from the University of Colorado and an MBA from Tiffin University.

***Steve Bonasso***

Steve Bonasso, Assistant Vice President and Associate General Counsel, joined us in 2014 as an attorney and provides legal support for us and our partner agencies. Previously, he served as an Assistant Vice President at Citi Hedge Fund Services. As a law student, Mr. Bonasso worked in the Office of the Chief Legal Officer at Nationwide Insurance. He earned a juris doctor from the Ohio State University, where he won the Arthur James Seelye Award for Outstanding Business Law Student and served as the Executive Editor of the Ohio State Entrepreneurial Business Law Journal. Mr. Bonasso holds a bachelor's degree from the Ohio State University (*magna cum laude*) in finance and international business.

***A.J. Cericola***

A.J. Cericola, Assistant Vice President, joined us in 2016. He is responsible for assisting with sourcing acquisition opportunities and facilitating the due diligence process for our core partners. Previously, Mr. Cericola provided oversight of the internal audit and the control environment of the Company. Prior to joining us, he was a manager in the Risk Consulting Practice of Crowe Horwath, where he managed several clients in the finance and insurance industries. Mr. Cericola is a certified valuation expert, certified internal auditor and holds a master's degree of business administration from Franklin University and a bachelor's degree in economics and international studies from the Ohio State University.

***Jeffrey Markusson***

Jeffrey Markusson serves as a Board member of the Company. His professional experience includes over 14 years as an investment professional. Mr. Markusson is a Managing Director of OTPPB, where he has worked since 2006. He has participated in a number of investments across the industrial, business services and financial services sectors. Mr. Markusson currently serves on the boards of APCO Holdings, Constellation Insurance Holdings, First American Payment Systems, Lendmark Financial Services, SeaCube Container Leasing, Allworth Financial and Duo Bank of Canada. Previously, he was an investment banker at CIBC World Markets. Mr. Markusson holds a bachelor's degree in economics from Simon Fraser University and an MBA from the University of Toronto, where he graduated as the Gold Medalist.

***Greg Nielsen***

Greg Nielsen serves as a Board member of the Company. His professional experience includes over 13 years as an investment professional. Mr. Nielsen is a Director of OTPPB, where he has worked since 2007. He has worked on a number of investments in the financial services sector, including GCAN Insurance Company, Canada Guaranty Mortgage Insurance Company, NXT Capital, First American Payment Systems, APCO Holdings, Catalina Holdings (Bermuda), Constellation Insurance Holdings, Lendmark Financial Services and RATESDOTCA Group Ltd (formerly Kanetix). Mr. Nielsen currently serves on the boards of APCO Holdings, Constellation Insurance Holdings, Lendmark Financial Services, RATESDOTCA Group Ltd and Duo Bank of Canada. Previously, he worked in the mergers and acquisitions group at TD Securities and the corporate lending division at Canadian Western Bank. Mr. Nielsen holds a bachelor's degree in commerce from the University of Alberta and an MBA (Honors) from the Rotman School of Management at the University of Toronto.

***Dennis H. Freeman***

Dennis H. Freeman serves as a Board member and Chair of the Audit committee of the Company and has acted in that capacity since August 2012. Mr. Freeman has broad board experience, and currently sits or has sat on the board of several privately held, sponsor-owned companies in Canada and the U.S. over the past ten years. He has extensive experience in the areas of financial reporting, systems of internal controls and corporate governance. Mr. Freeman is a CPA with over 40 years of experience and was previously a partner at KPMG for over 30 years until his retirement in 2011.

***Stephen Marquardt***

Stephen Marquardt serves as a Board member of the Company. His professional experience includes over 17 years as an investment professional. Mr. Marquardt is a Managing Director of Century Equity Partners, which he joined in 2004 and then rejoined in 2009 after earning an MBA. He is active in sourcing and executing new investment opportunities within the financial services, insurance and business services sectors. In addition to BroadStreet, Mr. Marquardt presently serves on the Board of Directors of Ritter Insurance Holdings, LLC, Rimkus Consulting Group, Inc. and Doxa Insurance Holdings. In addition to his tenure at Century, he spent four years at PricewaterhouseCoopers. Mr. Marquardt holds a bachelor's degree in business administration from Merrimack College and a master's degree in business administration from MIT Sloan School of Management.

***Mario Vitale***

Mario Vitale serves as a Board member of the Company. He has over 40 years of experience in the insurance industry. Currently, Mr. Vitale serves as the Chief Executive Officer of Resilience Insurance. He also serves as a director of WNS and a member of the advisory board of Kalepa Insurance. Mr. Vitale serves as the Trustee of St John's University College of Insurance and the Director of Growthsource Academy, a non-profit organization. Most recently, he was the Chief Executive Officer of Aspen Insurance, a leading specialty insurer. In his previous roles, Mr. Vitale was the Chief Executive Officer of Zurich Insurance Group's Global Corporate business in North America from October 2006 to March 2011 and the Chief Executive Officer of Willis North America from January 2000 to October 2006. He was the Chairman of the Board of Blue Marble, a micro-insurance company, from February 2016 to April 2017.

***Jennifer Borggaard***

Jennifer Borggaard serves as a Board member of the Company. She is a Partner and Founder of AlderBrook Advisors. Ms. Borggaard has global expertise in guiding CEOs on diverse business issues, ranging from strategy to finance to succession planning. Jennifer draws from more than two decades of experience and currently serves on the Advisory Committee of Polen Capital, as a member of the Board of Directors of the BNY Mellon Charitable Gift Fund and a member of the Board of Trustees of the Peabody Essex Museum. Previously, she served as a senior executive of Affiliated Managers Group, a member of the Board of Harding Loevner Funds and numerous AMG portfolio companies and as Associate Counsel of Corporate and Investment Management at the law firm Ropes & Gray. Ms. Borggaard holds a juris doctor from Boston College Law School and a bachelor's degree in government (*cum laude*) from Harvard College.

***Toby Alfred***

Toby Alfred serves as a Board member of the Company. Most recently, she was a Managing Director and Head of Customer Acquisition for Marcus by Goldman Sachs. Prior to that, Ms. Alfred was an executive at Progressive Casualty Insurance Company, where she led Customer Relationship Management, Customer Acquisition and Technology Acquisition. She has significant experience in developing go-to-market and client acquisition strategies in traditional and digital channels and was responsible for developing the award winning progressive.com website. Ms. Alfred currently is Principal of Digital Transformation Strategies LLC, consulting and advising businesses on digital strategies for transformation and growth. She has an MBA from the University of Chicago Booth School of Business and a bachelor's in science, administration and management science from Carnegie-Mellon University.

**Board Composition**

OTPPB, through affiliated entities, funds and managed accounts and certain permitted transferees, has the contractual right to appoint up to five members of the Board. Century, through affiliated entities, funds and managed accounts and certain permitted transferees, currently has the contractual right to appoint one member of the Board.

## SECURITY OWNERSHIP

As of the date of this offering memorandum, OTPPB, through affiliated entities, funds and managed accounts, beneficially owned 77.1% of the Issuer's outstanding common equity interests on a fully diluted basis. In addition, members of the Board and management of the Issuer own, directly or indirectly, in the aggregate, approximately 15.5% of the Issuer's outstanding common equity interests on a fully diluted basis. Certain members of the Board affiliated with OTPPB or Century may be deemed to beneficially own the equity interests owned by OTPPB or Century, as applicable. Each such individual disclaims beneficial ownership of any such equity interests in which such individual does not have a pecuniary interest.

We presently have equity incentive arrangements for our directors, executives and other senior management employees. These arrangements are designed to promote our interests by providing eligible persons with the opportunity to acquire a proprietary interest in us or one of our affiliates as an incentive for them to remain in our employment or service, as applicable. These arrangements may allow for the grant of incentive and non-qualified stock options, stock appreciation rights or other equity-based awards. A portion of the awards will vest based on the attainment of specified performance goals. The equity arrangements contain terms that sometimes require us or one of our affiliates to purchase equity following a termination of employment.

# CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

**Stockholders Agreement**

On May 27, 2020, we entered into a second amended and restated stockholders agreement with certain holders of our common stock (the "Stockholders Agreement"). The Stockholders Agreement includes provisions relating to the election of directors to our board of directors, customary information and registration rights, stock preemptive rights, tag along rights and drag along rights. All shares are subject to restrictions on transferability, as well as certain call and put options. Shares owned by certain members of management and certain members of the Board include a non-contingent put feature that allows the shareholder to put the shares to the Issuer at fair value beginning eight years from the issuance date of the shares.

**Transactions with Employees and Directors**

Certain members of our senior management are party to employment agreements with us. We have adopted equity incentive plans. From time to time, we may also adopt other cash and equity incentive-based arrangements to compensate our management and other employees.

**Acquisition Transaction**

On July 1, 2020, we purchased an agency that was owned by a member of our management team for approximately $10.3 million.

**Sales to Portfolio Companies of Funds Affiliated with the Sponsors**

From time to time, we may make sales to portfolio companies of funds that are affiliated with OTPP or Century, but these sales would not be material and would be conducted on an arms-length basis.

**Leases**

Certain of our subsidiaries lease office space from former owners of acquired agencies as well as from current holders of non-controlling interests. These leases are generally at market rates. During the years ended December 31, 2020, 2019 and 2018, total rent paid to related parties amounted to $7.2 million, $6.0 million and $5.8 million, respectively.

**Use of Proceeds of Offering**

Certain Penfund entities, which are also our shareholders, are lenders or agents under the credit agreement pursuant to which the Second Lien Term Loan Facility was issued, and therefore will receive a portion of the net proceeds of the Notes offered hereby.

# DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

## Senior Secured Credit Facilities

### *Overview*

On January 27, 2020, the Issuer entered into that certain Amended and Restated Credit and Guaranty Agreement with Royal Bank of Canada as the administrative agent and collateral agent (in such capacities, the “Credit Agreement Agent”), the subsidiaries of the Issuer from time to time party thereto as guarantors and the lenders from time to time party thereto (the “Credit Agreement”), which provided us with a $1,111 million first lien senior secured term loan (the “First Lien Term Loan Facility”) and a $250 million first lien revolving credit facility (the “Revolving Credit Facility” and, together with the First Lien Term Loan Facility, the “Senior Secured Credit Facilities”). The proceeds from the First Lien Term Loan Facility was used to finance the repayment of all indebtedness under our previous credit facility and the payment of fees and expenses in connection with the foregoing. The Revolving Credit Facility is available for working capital and general corporate purposes. On August 5, 2020, we borrowed an incremental $225 million tranche B-1 term loan under the First Lien Term Loan Facility (the “First Lien Term Loan Tranche B-1”). The First Lien Term Loan Tranche B-1 was used for working capital and general corporate purposes.

On May 27, 2020, the Issuer entered into that certain Second Lien Credit and Guaranty Agreement with Penfund Partners, Inc. as administrative and collateral agent, the subsidiaries of the Issuer from time to time party thereto as guarantors and the lenders from time to time party thereto, which provided us with a $75.0 million second lien term loan facility (the “Second Lien Term Loan Facility”). The Second Lien Term Loan Facility was used to finance the transactions contemplated by the Second Lien Credit and Guaranty Agreement and for working capital and other general corporate purposes.

The First Lien Term Loan Tranche B-1 and the Second Lien Term Loan Facility will be refinanced in connection with the Transactions. As of December 31, 2020, as adjusted after giving effect to the Transactions, the Senior Secured Credit Facilities provide, exclusive of any original issue discounts, first lien senior secured financing of $1,353 million in the aggregate, consisting of $1,103 million in aggregate principal amount of first lien senior secured term loans outstanding, maturing on January 27, 2027 and a $250 million first lien Revolving Credit Facility, maturing on January 27, 2025. As of December 31, 2020, we had the full $250 million of borrowing capacity available under our Revolving Credit Facility.

### *Interest Rate and Fees*

Borrowings under the First Lien Term Loan Facility and the Revolving Credit Facility under the Credit Agreement bear interest at a rate per annum equal to an applicable margin plus, at our option, either (1) a base rate determined by reference to the highest of (a) the prime rate of Royal Bank of Canada, (b) the Federal Funds rate plus 0.50% and (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs plus 1.00%; provided that, notwithstanding anything to the contrary, the base rate shall not be less than 1.00%; or (2) a LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs; provided that, notwithstanding anything to the contrary, the LIBOR rate shall not be less than zero. The applicable margins for borrowings under the First Lien Term Loan Facility are (1) if the first lien net leverage ratio thereunder is less than 4.75x, 3.00% with respect to LIBOR borrowings and 2.00% with respect to base rate borrowings and (2) if the first lien net leverage ratio thereunder is greater than or equal to 4.75x, 3.25% with respect to LIBOR borrowings and 2.25% with respect to base rate borrowings. The applicable margins for borrowings under the Revolving Credit Facility are (1) if the first lien net leverage ratio thereunder is less than 4.25x, 2.75% with respect to LIBOR borrowings and 1.75% with respect to base rate borrowings, (2) if the first lien net leverage ratio thereunder is less than 4.75x and greater than or equal to 4.25x, 3.00% with respect to LIBOR borrowings and 2.00% with respect to base rate borrowings and (2) if the first lien net leverage ratio thereunder is greater than or equal to 4.75x, 3.25% with respect to LIBOR borrowings and 2.25% with respect to base rate borrowings.

Interest on borrowings under the Senior Secured Credit Facilities is payable (1) on the last day of any interest period with respect to LIBOR borrowing with an applicable interest period of three months or less, (2) every three months with respect to LIBOR borrowings with an interest period of greater than three months or (3) on the last business day of each March, June, September and December with respect to base rate borrowings. In addition, we are required to pay a commitment fee on any unutilized commitments under the Revolving Credit Facility. The initial commitment fee rate is 0.50% per annum and varies based upon a first lien net leverage-based pricing grid. We are also required to pay customary letter of credit fees.

***Prepayments***

The Senior Secured Credit Facilities require us to prepay outstanding term loans, subject to certain exceptions, with:

(1) 50% (which percentage will be reduced to 25% and 0% if we attain certain first lien net leverage ratios) of our annual excess cash flow;

(2) 100% of the net cash proceeds of insurance and condemnation proceedings, subject to *de minimis* thresholds, (a) if we do not reinvest those net cash proceeds in assets useful in our business, within 365 days of the receipt of such net cash proceeds or (b) if we commit to reinvest such net cash proceeds within 365 days of the receipt thereof, within 545 days of the receipt thereof;

(3) 100% of the net proceeds of any issuance or incurrence of debt by the borrower or any of its restricted subsidiaries other than debt permitted under the Senior Secured Credit Facilities;

(4) 100% of the net cash proceeds of certain dispositions of equity interests of subsidiaries by the borrower or any of its restricted subsidiaries, subject to *de minimis* thresholds; and

(5) 50% (which percentage will be reduced to 25% and 0% if we attain certain first lien net leverage ratios) of the net cash proceeds of certain dispositions of equity interests of restricted subsidiaries by the borrower or any of its restricted subsidiaries or certain issuances of equity interests by restricted subsidiaries, subject to *de minimis* thresholds, if we do not reinvest those net cash proceeds in permitted acquisitions and related expenses.

For the year ended December 31, 2020, we were not required to make any mandatory prepayments.

We may voluntarily repay outstanding loans under the First Lien Term Loan Facility and the Revolving Credit Facility without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans.

***Amortization***

We are required to make amortization installment payments on the loans under the First Lien Term Loan Facility in quarterly installments in aggregate amounts equal to approximately $2.8 million, with the remaining outstanding amount to be payable on January 27, 2027, the maturity date for the First Lien Term Loan Facility.

Principal amounts outstanding under the Revolving Credit Facility are due and payable in full on January 27, 2025, the maturity date for the Revolving Credit Facility.

### *Guarantee and Security*

All obligations under the Senior Secured Credit Facilities are unconditionally guaranteed by, subject to certain exceptions, each of our material current and future restricted subsidiaries. All obligations under our Senior Secured Credit Facilities, and the guarantees of such obligations, are secured by substantially all of the assets of the borrower and each guarantor, subject to certain exceptions.

### *Certain Covenants and Events of Default*

The Credit Agreement contains a number of covenants that, among other things, restrict the ability of the borrower and its restricted subsidiaries to (subject to certain exceptions): (a) engage in mergers or consolidations; (b) incur certain liens or indebtedness; (c) sell assets; (d) pay dividends and distributions or repurchase their capital stock; (e) make investments, loans or advances; (f) repay certain subordinated indebtedness; (g) make certain acquisitions; (h) engage in certain transactions with affiliates; (i) amend material agreements governing our subordinated indebtedness; (j) become bound by negative pledge clauses or agreements that restricted subsidiary dividends; (k) change our fiscal year; and (l) change their lines of business.

The Credit Agreement also contains certain customary affirmative covenants and events of default (including change of control). The availability of certain baskets and the ability to enter into certain transactions (including the ability of the borrower to pay certain dividends) may also be subject to compliance with certain leverage ratios. In addition, the Revolving Credit Facility includes a springing financial covenant that requires compliance with a first lien net leverage ratio. The financial covenant is tested on the last day of any fiscal quarter when the aggregate amount of revolving loans and/or letters of credit (other than (i) drawn letters of credit that have been cash collateralized or reimbursed within three business days in an amount equal to the outstanding amount thereof and (ii) undrawn letters of credit in an aggregate outstanding amount not to exceed $20 million) outstanding exceed 35% of the revolving credit commitments on the last day of the fiscal quarter or fiscal year, as applicable, for such test period. We were in compliance with the financial covenant in the Revolving Credit Facility as of December 31, 2020.

### *Application of Proceeds*

The Credit Agreement limits the recovery of the secured parties thereunder in connection with the exercise of remedies against the collateral of any guarantor that is not directly or indirectly wholly-owned by the Issuer, as well as any payments received from such guarantor pursuant to its guarantee of the Senior Secured Credit Facilities, to the sum of the Attributable Obligations (as defined below) of such guarantor plus the amount by which the proceeds received by the Credit Agreement Agent upon the enforcement of the guarantee of such guarantor exceed its Required Reserves (as defined below) at the time of enforcement thereunder after the repayment of such Attributable Obligations.

Upon exercise of remedies against any assets of a guarantor that is not directly or indirectly wholly-owned by the Issuer, in the event that the Credit Agreement Agent receives, in connection with the sale or other disposition of, or collection from, or other realization upon all or any part of the collateral or proceeds thereof or any payments received from any guarantor its guaranty of the obligations under the Credit Agreement, which, in the aggregate, exceeds the then unpaid amount of such guarantor's Attributable Obligations (regardless of enforceability), (whether or not any proceeding under any bankruptcy law has been commenced by or against the Issuer or any other guarantor) and determines (in its sole discretion) to apply such collateral or proceeds rather than returning them to such Guarantor, prior to so applying such excess proceeds as set forth in the Credit Agreement, an amount equal to the Required Reserves shall be segregated and held in trust by the Credit Agreement Agent for the benefit of the beneficiaries of the Required Reserves and shall be paid to such guarantor for distribution to such beneficiaries, in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. Any collateral or proceeds remaining after such payment to the guarantor shall be applied in accordance with the waterfall provisions in the Credit Agreement.

"Attributable Obligations" means with respect to any guarantor, at any time, the aggregate outstanding amount of indebtedness of such guarantor owed to the Issuer.

"Required Reserves" means, at any time with respect to the collateral of any guarantor or the proceeds thereof, the sum of (i) the Residual Equity Reserve plus (ii) the Other Creditor Obligations Reserve.

"Residual Equity Reserve" means, at any time with respect to the collateral of any guarantor, or the proceeds thereof, the amount, if any, remaining after:

(a) subtracting from the value of such collateral or from such proceeds (i) the Attributable Obligations of such guarantor and (ii) the amount of Other Creditor Obligations of such Guarantor (such difference, if a positive number, being the "Remaining Amount"); and

(b) subtracting from the Remaining Amount an amount equal to (i) the Remaining Amount multiplied by (ii) the Claimholders' Percentage with respect to such guarantor.

"Other Creditor Obligations Reserve" means, with respect to any guarantor, a reserve in an amount equal to the amount of the Other Creditor Obligations of such guarantor.

"Other Creditor Obligations" means, at any time with respect to any guarantor, all obligations of such guarantor (including earnouts, but other than obligations that are expressly subordinated to the obligations under the Credit Agreement) owing to creditors (other than the Pari Passu Creditors) and that have a right to payment that is senior in priority to any interests of equity holders of such guarantor, whether or not such right to payment is liquidated, non-contingent or undisputed.

"Pari Passu Creditors" means (i) the secured parties under the Credit Agreement and (ii) other holders of any indebtedness permitted under the Credit Agreement that has been incurred by the Issuer and guaranteed by the guarantors.

"Claimholders' Percentage" means (a) with respect to a guarantor that is a first-tier subsidiary of the Issuer, a percentage equal to the percentage of the Issuer's equity ownership of such guarantor, (b) with respect to a guarantor that is a second-tier subsidiary of the Issuer, a percentage equal to (i) the percentage of the Issuer's equity ownership of such guarantor's immediate parent, multiplied by (ii) the percentage of such immediate parent's equity ownership of such guarantor, and (c) with respect to any other guarantor that is a subsidiary of the Issuer, the product of the percentages of equity ownership of each of such guarantor's immediate, intermediate and ultimate parents (with the Issuer being the ultimate parent in each case).

# DESCRIPTION OF NOTES

## General

Certain terms used in this description are defined under the heading "— Certain Definitions." In this section of the Offering Memorandum, (i) the terms "*we*," "*us*" and "*our*" each refer to BroadStreet Partners, Inc., an Ohio corporation, and its consolidated Subsidiaries and (ii) the term "Issuer" refers to Broadstreet Partners, Inc., an Ohio corporation, and not any of its Subsidiaries.

The Issuer will issue $400,000,000 aggregate principal amount of 5.875% Senior Notes due 2029 (the "*Notes*") pursuant to an indenture, to be dated as of the Issue Date (as amended and supplemented from time to time, the "*Indenture*"), among the Issuer, the Guarantors and Truist Bank, as trustee (the "*Trustee*"). The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors." The terms of the Notes will include the terms stated in the Indenture. The Indenture will not be qualified under the Trust Indenture Act or be subject to the Trust Indenture Act.

The following description is only a summary of certain provisions of the Notes, the Note Guarantees and the Indenture, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Notes and the Indenture, including the definitions therein of certain terms used below. We urge you to read each of these documents because they, not this description, define your rights as Holders. You may request copies of the Notes and the Indenture at our address set forth under the heading "Where You can Find More Information."

## Brief Description of the Notes

The Notes will be general, senior unsecured obligations of the Issuer and will:

- rank senior in right of payment to any future Subordinated Indebtedness of the Issuer;
- without giving effect to collateral arrangements, rank *pari passu* in right of payment with all existing and future Senior Indebtedness of the Issuer, including the Senior Credit Facility Obligations;
- be effectively subordinated to all existing and future Secured Indebtedness of the Issuer, including the Senior Credit Facility Obligations, to the extent of the value of the assets securing such Indebtedness;
- be initially guaranteed on a joint and several and senior unsecured basis by each Restricted Subsidiary of the Issuer that guarantees the Senior Credit Facilities, and, in the future, all Restricted Subsidiaries that are Domestic Subsidiaries and that will guarantee the Senior Credit Facilities and certain other specified debt as described below under "— Certain Covenants — Additional Note Guarantees"; and
- be structurally subordinated to all existing and future Indebtedness and other liabilities of Subsidiaries of the Issuer that are not Guarantors, other than Indebtedness and liabilities owed by such non-Guarantor Subsidiaries to the Issuer or a Guarantor.

## Note Guarantees

Each of the Guarantors, as primary obligors and not merely as sureties, will jointly and severally fully and unconditionally guarantee, on a senior unsecured basis, the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all Obligations of the Issuer under the Notes and the Indenture, whether for payment of principal of, premium, if any, or interest on the Notes, expenses, indemnification or otherwise, on the terms set forth in the Indenture.

Each Restricted Subsidiary that is a Domestic Subsidiary of the Issuer that guarantees the payment of any Indebtedness under the Senior Credit Facilities or certain other future Indebtedness of the Issuer or any other Guarantor, including certain capital markets debt securities of the Issuer or any other Guarantor, will, subject to certain exceptions, guarantee the Notes. The Note Guarantees may be released under certain circumstances as described under "— Release of Note Guarantees."

The Note Guarantee of each Guarantor will:

- be senior unsecured obligations of such Guarantor;
- rank senior in right of payment to any future Subordinated Indebtedness of such Guarantor;
- without giving effect to collateral arrangements, rank *pari passu* in right of payment with all existing and future Senior Indebtedness of such Guarantor, including its guarantee of the Senior Credit Facility Obligations;
- be effectively subordinated to all existing and future Secured Indebtedness of such Guarantor, including its guarantee of the Senior Credit Facility Obligations, to the extent of the value of the assets securing such Indebtedness;
- be structurally subordinated to all existing and future Indebtedness and other liabilities of its Subsidiaries that are not Guarantors, other than Indebtedness and liabilities owed by such non-Guarantor Subsidiaries to the Issuer or a Guarantor; and
- be limited, in the case of each Guarantor that is not a Wholly-Owned Subsidiary, to the sum of the Attributable Obligations (as defined below) of such Guarantor plus the amount by which the proceeds received upon enforcement of the Note Guarantee of such Guarantor exceed its Required Reserves (as defined below) at the time of any enforcement thereunder after the repayment of such Attributable Obligations.

In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer. As of December 31, 2020, our non-guarantor Subsidiaries were immaterial to our financial position and results of operations. These immaterial Subsidiaries had no debt at December 31, 2020 and represented less than 1% of Acquisition Adjusted EBITDA for the year ended December 31, 2020.

Although the Indenture contains limitations on the amount of additional Indebtedness that the Issuer and its Restricted Subsidiaries may incur, under certain circumstances the amount of such Indebtedness could be substantial. See "Risk Factors — Risks Related to the Notes and our Indebtedness — Our substantial level of indebtedness could adversely affect our financial condition and prevent us from making payments on the Notes and our other debt obligations," "Risk Factors — Risks Related to the Notes and our Indebtedness — The Notes do not restrict our ability to incur additional debt or prohibit us from taking other action that could negatively impact holders of the Notes" and "Risk Factors — Risks Related to the Notes and our Indebtedness — Claims of holders of the Notes will be structurally subordinated to claims of creditors of certain of our subsidiaries that will not guarantee the Notes."

Each Guarantor that makes a payment under its Note Guarantee will be entitled upon payment in full of all guaranteed Obligations under the Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's *pro rata* portion of such payment based on the respective net assets, Acquisition Adjusted Revenue or Acquisition Adjusted EBITDA (as determined by the Issuer in its sole discretion) of all the Guarantors at the time of such payment determined in accordance with GAAP.

The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent such Note Guarantee from constituting a fraudulent conveyance under applicable law and, therefore, are limited to the amount that such Guarantor could guarantee without such Note Guarantee constituting a fraudulent conveyance; this limitation, however, may not be effective to prevent such

Note Guarantee from constituting a fraudulent conveyance. If a Note Guarantee were rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Guarantor, and, depending on the amount of such Indebtedness, a Guarantor's liability under its Note Guarantee could be reduced to zero. See "Risk Factors — Risks Related to the Notes and our Indebtedness — The Note Guarantees may not be enforceable (or could be voidable) because of fraudulent transfer or conveyance laws and, as a result, you may be required to return payments received by you in respect of the Note Guarantees."

The obligations of each Guarantor that is not a Wholly-Owned Subsidiary under its Note Guarantee will also be limited to the sum of the Attributable Obligations of such Guarantor plus the amount by which the proceeds received upon enforcement of the Note Guarantee of such Guarantor exceed its Required Reserves at the time of enforcement thereunder after the repayment of such Attributable Obligations. However, the Attributable Obligations and the assets of the Guarantors are pledged as collateral to secure the Issuer's and the Guarantors' obligations under the Senior Credit Facilities and the Notes will therefore be effectively subordinated to the extent of the value of the Attributable Obligations and, to the extent constituting collateral under the Senior Credit Facilities, the assets of the Guarantors.

Upon exercise of remedies against any assets of a Guarantor that is not a Wholly-Owned Subsidiary, which assets form part of the collateral under the Senior Credit Facilities, in the event that the Trustee receives, in connection with the sale or other disposition of, or collection from, or other realization upon all or any part of such assets or proceeds thereof or any payments received from any Guarantor pursuant to the Note Guarantee, which, in the aggregate, exceeds the then unpaid amount of such Guarantor's Attributable Obligations (regardless of enforceability), (whether or not any proceeding under any bankruptcy law has been commenced by or against the Issuer or any other Guarantor), prior to applying such excess proceeds in accordance with the waterfall provision of the Indenture, an amount equal to the Required Reserves shall be paid to such Guarantor for distribution to the applicable beneficiary of the Required Reserves, in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. Any assets or proceeds remaining after such payment to the Guarantor shall be applied in accordance with the waterfall provisions in the Indenture.

For the avoidance of doubt, the Trustee shall be entitled to conclusively rely on an Officer's Certificate delivered to it in accordance with the Indenture on the quantum of the Attributable Obligations and the Required Reserves, shall have no duty to inquire as to or investigate the accuracy of any such quantum, verify any statements in any Officer's Certificate delivered to it, or otherwise make calculations, investigations or determinations with respect to the Attributable Obligations or the Required Reserves or otherwise. The Trustee shall have no liability to the Issuer, any Holder or any other Person in acting in good faith on such Officer's Certificate.

"*Attributable Obligations*" means, with respect to any Guarantor, at any time, the aggregate outstanding amount of Indebtedness of such Guarantor owed to the Issuer.

"*Required Reserves*" means, at any time with respect to the assets of any Guarantor that form part of the collateral under the Senior Credit Facilities or the proceeds thereof (and without duplication of any such amounts reserved by any other Pari Passu Creditor), the sum of (i) the Residual Equity Reserve plus (ii) the Other Creditor Obligations Reserve.

"*Residual Equity Reserve*" means, at any time with respect to the assets of any Guarantor that form part of the collateral under the Senior Credit Facilities, or the proceeds thereof, the amount, if any, remaining after:

(a) subtracting from the value of such assets or from such proceeds (i) the Attributable Obligations of such Guarantor and (ii) the amount of Other Creditor Obligations of such Guarantor (such difference, if a positive number, being the "*Remaining Amount*"); and

(b) subtracting from the Remaining Amount an amount equal to (i) the Remaining Amount multiplied by (ii) the Claimholders' Percentage with respect to such guarantor.

"*Other Creditor Obligations Reserve*" means, with respect to any Guarantor, a reserve in an amount equal to the amount of the Other Creditor Obligations of such Guarantor.

"*Other Creditor Obligations*" means, at any time with respect to any Guarantor, all obligations of such Guarantor (including earnouts, but other than obligations that are expressly subordinated to the obligations under the Senior Credit Facilities, the Indenture, the Notes and the Note Guarantees) owing to creditors (other than the Pari Passu Creditors) and that have a right to payment that is senior in priority to any interests of equity holders of such Guarantor, whether or not such right to payment is liquidated, non-contingent or undisputed.

"*Pari Passu Creditors*" means (i) the Trustee and the holders of the Notes and (ii) holders of any Indebtedness permitted under the Senior Credit Facilities and the Indenture that has been incurred by the Issuer and guaranteed by the Guarantors, including, for the avoidance of doubt, the secured parties under the Senior Credit Facilities.

"*Claimholders' Percentage*" means (a) with respect to a Guarantor that is a first-tier Subsidiary of the Issuer, a percentage equal to the percentage of the Issuer's equity ownership of such Guarantor, (b) with respect to a Guarantor that is a second-tier Subsidiary of the Issuer, a percentage equal to (i) the percentage of the Issuer's equity ownership of such Guarantor's immediate parent, multiplied by (ii) the percentage of such immediate parent's equity ownership of such Guarantor, and (c) with respect to any other Guarantor that is a Subsidiary of the Issuer, the product of the percentages of equity ownership of each of such Guarantor's immediate, intermediate and ultimate parents (with the Issuer being the ultimate parent in each case).

As of December 31, 2020, we estimate there was $659 million aggregate principal amount of Attributable Obligations outstanding and that the Required Reserves for all Guarantors in the aggregate amounted to $419 million, of which approximately $64 million consisted of Other Creditor Obligations (primarily earnouts) and $355 million of Residual Equity Reserves. These estimates do not include the impact of any potential proceeds that may be received in a liquidation event. They are based on the assumption that Residual Equity Reserves are equal to the book value of non-controlling interests in our consolidated balance sheet. The actual value of the Residual Equity Reserves can only be determined in connection with a disposal of the relevant assets upon a liquidation event, and such value may differ materially from the book value of non-controlling interests in our consolidated balance sheet. The estimates are also based on the assumption that our restricted cash and accounts receivable are at least equal to our accounts payable, such that the liabilities in the form of accounts payable can be excluded from the calculations.

See "Risk Factors — Risks Related to the Notes and our Indebtedness — Although the Notes will be guaranteed by the material restricted subsidiaries organized in the United States, certain parties will have a prior claim to our assets and those of our Guarantors."

***Release of Note Guarantees***

Each Note Guarantee by a Guarantor shall provide by its terms that its Obligations under the Indenture and such Note Guarantee shall be automatically and unconditionally released and discharged:

(a) upon any sale, exchange, issuance, transfer or other disposition (by merger, consolidation, amalgamation, dividend, distribution or otherwise) of (i) the Capital Stock of such Guarantor (including any sale, exchange or transfer), after which such Guarantor is no longer a Restricted Subsidiary or (ii) all or substantially all of the assets of such Guarantor, in each case, if such sale, exchange, issuance, transfer or other disposition is not prohibited by the applicable provisions of the Indenture;

(b) (i) upon the release or discharge of the guarantee by such Guarantor with respect to the Senior Credit Facilities, (ii) the release or discharge of such other guarantee that resulted in the creation of such Note Guarantee or (iii) if, at the time of such release and discharge and assuming such Guarantor were not then a Guarantor under the Indenture, such Guarantor would not have been required to guarantee the Notes pursuant to the provisions described in "— Certain Covenants — Additional Note Guarantees," except, in the case of clauses (i) and (ii), a discharge or release by or as a result of payment under such guarantee after the occurrence of a payment default or acceleration thereunder (it being understood that a release subject to a contingent reinstatement is still a release);

(c) upon the designation of such Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of the Indenture;

(d) upon the Issuer exercising the legal defeasance option or covenant defeasance option as described under "— Legal Defeasance and Covenant Defeasance" or the Issuer's obligations under the Indenture being discharged in accordance with the terms of the Indenture;

(e) upon the merger, amalgamation, consolidation, winding up or Division of such Guarantor with and into the Issuer or another Guarantor that is the surviving Person in such merger, amalgamation, consolidation winding up or Division, or upon the liquidation of such Guarantor;

(f) as described under "— Amendment, Supplement and Waiver"; or

(g) upon the occurrence of a Covenant Suspension Event; *provided* that, such Note Guarantee shall be reinstated upon the occurrence of the Reversion Date.

The Trustee shall, subject to receipt of certain documentation requested pursuant to the Indenture, take all necessary actions at the reasonable request and cost of the Issuer to effectuate any release of a Note Guarantee in accordance with these provisions, subject to the protections and indemnifications set forth in the Indenture. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders (other than as set forth in paragraph (f) above to the extent consent is required) and will not require any other action or consent on the part of the Trustee.

**Ranking**

The Indebtedness evidenced by the Notes and the Note Guarantees will be Senior Indebtedness of the Issuer or the applicable Guarantor, as the case may be, and will rank equal in right of payment with all existing and future Senior Indebtedness of the Issuer or such Guarantor, as the case may be, including the Senior Credit Facility Obligations (subject, in the case of each Guarantor that is not a Wholly-Owned Subsidiary, to its Required Reserves). The Obligations under the Notes, the Indenture and the Note Guarantees will be unsecured and will be effectively subordinated to all of the Issuer's and the Guarantors' existing and future Secured Indebtedness, including the Senior Credit Facility Obligations, to the extent of the value of the assets securing such Indebtedness. The phrase "in right of payment" refers to the contractual ranking of a particular Obligation, regardless of whether an Obligation is secured.

A significant portion of the operations of Issuer is conducted through the Issuer's Subsidiaries. Not all of the Subsidiaries of the Issuer will guarantee the Notes, and as described under "— Note Guarantees — Release of Note Guarantees," Note Guarantees may be released under certain circumstances. In addition, some or all of the Issuer's future Subsidiaries may not be required to guarantee the Notes. Unless the Subsidiary is a Guarantor or the Issuer, claims of creditors of such Subsidiaries, including trade creditors, and claims of preferred stockholders (if any) of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including the holders of the Notes, even if such claims do not constitute Senior Indebtedness. The Notes, therefore, will be structurally subordinated to holders of Indebtedness and other creditors (including trade creditors) and preferred stockholders (if any) of Subsidiaries of the Issuer that are not Guarantors, other than Indebtedness and liabilities owed to the Issuer or a Guarantor.

As of December 31, 2020, after giving effect to the Transactions, the Issuer and the Guarantors would have had:

- $1,102.7 million of Secured Indebtedness under our First Lien Term Loan Facility, including the Senior Credit Facility Obligations, and $250.0 million of unused revolving availability under the Senior Credit Facilities;
- $400.0 million of Notes;
- $10.4 million of other notes payable; and
- $0.9 million of capital lease obligations.

As of December 31, 2020, after giving effect to the Transactions, the non-guarantor Subsidiaries had no debt outstanding.

Although the Indenture will contain limitations on the amount of additional Indebtedness or Disqualified Stock that the Issuer and its Restricted Subsidiaries may incur or issue, as the case may be, and the issuance of Preferred Stock by the Restricted Subsidiaries, such limitations are subject to a number of significant exceptions and qualifications. The amount of such Indebtedness, Disqualified Stock and Preferred Stock that may be incurred or issued in compliance with the covenants could be substantial and in certain circumstances, may be Secured Indebtedness. See "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "Risk Factors — Risks Related to the Notes and our Indebtedness — The Notes do not restrict our ability to incur additional debt or prohibit us from taking other action that could negatively impact holders of the Notes." Moreover, the Indenture will not impose any limitation on the incurrence or issuance of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture.

**Paying Agent and Registrar for the Notes**

The Issuer will maintain one or more paying agents for the Notes. The initial paying agent for the Notes will be the Trustee.

The Issuer will also maintain a registrar. The initial registrar will be the Trustee. The registrar will maintain a register reflecting ownership of the Notes outstanding from time to time and will make payments on and facilitate transfer of Notes on behalf of the Issuer.

Any and all payments by or on account of any obligation of the Issuer or any Guarantor in respect of the Notes shall be made without any deduction or withholding for any taxes, unless the obligation to deduct or withhold is required by applicable law. If any such deduction or withholding is required by applicable law, payments by or on account of any obligation of the Issuer or any Guarantor in respect of the Notes shall be made net of such deduction or withholding.

The Issuer may change the paying agents or the registrars without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent or registrar.

**Transfer and Exchange**

A Holder may transfer or exchange Notes in accordance with the Indenture and the restrictions set forth in the section of this Offering Memorandum entitled "Notice to Investors." The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes and fees required by law and due on transfer. The Issuer is not required to transfer or exchange any Note selected for redemption or tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer, an Alternate Offer, an Asset Sale Offer, an Advance Offer or other tender offer. Also, the Issuer is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered Holder will be treated as the owner of the Note for all purposes.

**Principal, Maturity and Interest**

The Issuer will issue the Notes initially with an aggregate principal amount of $400,000,000. The Notes will mature on April 15, 2029.

Subject to compliance with the covenant described below under the caption "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," the Issuer may issue additional Notes from time to time after this offering under the Indenture ("*Additional Notes*"). The Notes offered hereby and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including waivers, amendments, redemptions and offers to purchase; *provided* that if any Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, such Additional Notes will have a separate CUSIP number and ISIN from the Notes. Unless the context requires otherwise, references to "Notes" for all purposes of the Indenture, the Note Guarantees and this "Description of Notes" include any Additional Notes that are actually issued.

Interest on the Notes will accrue at the rate of 5.875% per annum and will be payable in cash semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2021, to the Holders of record as of the close of business (if applicable) on the immediately preceding April 1 and October 1 (whether or not a Business Day). Interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from and including the Issue Date. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal of, premium, if any, and interest on the Notes will be payable at the office or agency of the paying agent maintained for such purpose as described under "— Paying Agent and Registrar for the Notes" or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the register of Holders or by wire transfer; *provided* that all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more global notes registered in the name of or held by DTC or its nominee will be made in accordance with DTC's applicable procedures. Until otherwise designated by the Issuer, the Issuer's office or agency will be the office of the Trustee maintained for such purpose. If any interest payment date, the maturity date or any earlier required repurchase or Redemption Date falls on a day that is a Legal Holiday, the required payment will be made on the next succeeding Business Day and no interest on such payment will accrue in respect of the delay.

The Notes will be issued in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

**Mandatory Redemption; Offers to Purchase; Open Market Purchases**

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. In addition, other than as required under "— Repurchase at the Option of Holders — Change of Control" and "— Repurchase at the Option of Holders — Asset Sales," the Issuer will not be required to offer to repurchase or redeem or otherwise modify the terms of any of the Notes upon a change in control of, or other events involving, the Issuer or any of its Subsidiaries which may adversely affect the creditworthiness of the Notes. The Issuer and its Affiliates may at any time and from time to time purchase Notes by means other than a redemption, including in the open market, in privately negotiated transactions, exchange offers or otherwise.

**Optional Redemption**

Except as set forth below or in the circumstances set forth in the tenth paragraph under "— Repurchase at the Option of Holders — Change of Control," the Issuer will not be entitled to redeem the Notes at its option prior to April 15, 2024.

At any time prior to April 15, 2024, the Issuer may, at its option and on one or more occasions, redeem all or a part of the Notes, upon notice as described under the heading "— Selection and Notice," at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the date of redemption (any applicable date of redemption, the "*Redemption Date*"), subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date falling on or prior to the Redemption Date.

On and after April 15, 2024, the Issuer may, at its option and on one or more occasions, redeem the Notes, in whole or in part, upon notice as described under the heading "— Selection and Notice," at the redemption prices (expressed as percentages of principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest thereon, if any, to, but excluding, the applicable Redemption Date, subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date falling on or prior to the Redemption Date, if redeemed during the twelve-month period beginning on April 15 of each of the years indicated below:

| Year | Percentage |
|---|---|
| 2024 | 102.93750% |
| 2025 | 101.46875% |
| 2026 and thereafter | 100.00000% |

In addition, prior to April 15, 2024, the Issuer may, at its option, upon notice as described under the heading "— Selection and Notice," on one or more occasions redeem up to 40% of the aggregate principal amount of Notes (including Additional Notes) issued under the Indenture at a redemption price (as calculated by the Issuer) equal to (i) 105.875% of the aggregate principal amount thereof, with an amount equal to or less than the net cash proceeds from one or more Equity Offerings to the extent such net cash proceeds are received by or contributed to the Issuer, plus (ii) accrued and unpaid interest thereon, if any, to, but excluding, the applicable Redemption Date, subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date falling on or prior to the Redemption Date; *provided* that (a) at least 50% of the aggregate principal amount of the Notes originally issued under the Indenture on the Issue Date (but excluding any Additional Notes issued under the Indenture after the Issue Date) remains outstanding immediately after the occurrence of each such redemption (except to the extent otherwise repurchased or redeemed or to be repurchased or redeemed in accordance with the terms of the Indenture) and (b) each such redemption occurs within 180 days of the date of closing of such Equity Offering.

Notwithstanding the foregoing, in connection with any tender offer for the Notes (including an Asset Sale Offer or Advance Offer), if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third-party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third-party will have the right upon not less than 10 nor more than 60 days' prior notice (except that such notice may be delivered or mailed more than 60 days prior to the Redemption Date or purchase date if the notice is subject to one or more conditions precedent as described under "— Selection and Notice"), given not more than 30 days following such purchase date, to redeem (with respect to the Issuer) or purchase (with respect to a third-party) all Notes that remain outstanding following such purchase at a price equal to the price paid to each other Holder (excluding any early tender or incentive fee) in such tender offer (which may be less than par) plus accrued and unpaid interest, if any, thereon, to, but excluding, the Redemption Date or purchase date, subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date falling on or prior to the Redemption Date or purchase date. In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes have validly tendered and not validly withdrawn Notes in a tender offer (including an Asset Sale Offer or Advance Offer), Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

The Trustee or the applicable depositary shall select the Notes to be redeemed in the manner described under "— Selection and Notice."

**Selection and Notice**

With respect to any partial redemption of Notes made pursuant to the Indenture, selection of the Notes for redemption will be made on a pro rata basis to the extent applicable or by lot or by such method as the Trustee shall deem fair and appropriate; *provided* that if the Notes are represented by global notes, interests in the Notes shall be selected for redemption by DTC in accordance with its standard procedures therefor; *provided*, *further*, that no Notes of less than $2,000 can be redeemed in part.

Other than as set forth in the immediately succeeding paragraph, notices of redemption shall be delivered electronically or mailed by first-class mail, postage prepaid, at least 10 days and not more than 60 days before the Redemption Date to each Holder at such Holder's registered address or otherwise in accordance with the procedures of DTC, except that notices of redemption may be delivered or mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Notes, a satisfaction and discharge of the Indenture or as specified in the next paragraph. If any Note is to be redeemed in part only, any notice of redemption or offer to purchase that relates to such Note shall state the portion of the principal amount thereof that has been or is to be redeemed or purchased.

Notice of any redemption of the Notes may, at the Issuer's discretion, be given in connection with an Equity Offering, other transaction (or series of related transactions) or an event that constitutes a Change of Control and prior to the completion or the occurrence thereof, and any such redemption or purchase may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion or occurrence of the related Equity Offering, transaction or event, as the case may be. In addition, if such redemption or purchase is subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the redemption date may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date or by the redemption date as so delayed, or such notice may be rescinded at any time in the Issuer's discretion if the Issuer reasonably believes that any or all of such conditions will not be satisfied or waived. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

The Issuer may redeem Notes pursuant to one or more of the relevant provisions in the Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have different redemption dates.

With respect to Notes represented by certificated notes, if any Notes are to be redeemed in part only, the Issuer will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the Holder thereof upon cancellation of the original Note; *provided* that the new Notes will be only issued in denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

Notes called for redemption become due on the date fixed for redemption, unless such redemption is conditioned on the happening of a future event. On and after the redemption date, interest shall cease to accrue on Notes or portions of them called for redemption, unless the Issuer defaults in payment of the redemption price or such redemption remains conditioned on the occurrence of a future event that has not occurred.

**Repurchase at the Option of Holders**

***Change of Control***

The Indenture will provide that if a Change of Control occurs after the Issue Date with respect to the Notes, unless, prior to or concurrently with the time the Issuer is required to make a Change of Control Offer, the Issuer or a third-party has mailed or delivered, or otherwise sent through electronic transmission, a redemption notice with respect to all the outstanding Notes as described under "— Optional Redemption" or "— Satisfaction and Discharge," or makes an Alternate Offer, the Issuer will make an offer to purchase all of the Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof (or such higher amount as the Issuer may determine (such offer at a higher amount, an "*Alternate Offer*")) plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date falling on or prior to the Change of Control Payment Date (as defined below). Within 30 days following any Change of Control, the Issuer will send notice of such Change of Control Offer by first-class mail, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register or otherwise in accordance with the procedures of DTC, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "— Repurchase at the Option of Holders — Change of Control," and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than 10 Business Days nor later than 60 days from the date such notice is sent (the "*Change of Control Payment Date*"); *provided*, that the Change of Control Payment Date may be delayed, in the Issuer's discretion, until such time (including more than 60 days after the date such notice is sent) as any or all such conditions referred to in clause (8) below shall be satisfied or waived;

(3) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Notes completed or otherwise in accordance with the procedures of DTC, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that until the close of business on the seventh Business Day after the date such notice is sent or such later time and date as the Issuer may decide in its sole discretion (such time and date, the "*withdrawal deadline*"), Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the paying agent receives, not later than the withdrawal deadline, an electronic transmission (in PDF), facsimile transmission or letter or otherwise in accordance with the procedures of DTC setting forth the name of the Holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;

(7) that if less than all of such Holder's Notes are tendered for purchase, such Holder will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion of the Notes must be equal to $2,000 or an integral multiple of $1,000 in excess of $2,000;

(8) if such notice is sent prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control or such other conditions specified therein and shall describe each such condition, and, if applicable, shall state that, in the Issuer's discretion, the Change of Control Payment Date may be delayed until such time (including more than 60 days after the notice is mailed or delivered) as any or all such conditions shall be satisfied or waived, or that such purchase may not occur and such notice may be rescinded in the event that the Issuer reasonably believes that any or all such conditions (including the occurrence of such Change of Control) will not be satisfied or waived by the Change of Control Payment Date, or by the Change of Control Payment Date as so delayed; and

(9) the other instructions, as determined by the Issuer, consistent with this covenant, that a Holder must follow.

While the Notes are in global form and the Issuer makes an offer to purchase all of the Notes pursuant to the Change of Control Offer, a Holder may exercise its option to elect for the purchase of the Notes through the facilities of DTC, subject to its rules and regulations.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law,

(1) accept for payment all Notes issued by it or portions thereof properly tendered pursuant to the Change of Control Offer,

(2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered, and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer's Certificate to the Trustee stating that such Notes or portions thereof have been tendered to and purchased by the Issuer.

The Senior Credit Facilities provide, and any future credit agreements or other agreements relating to Indebtedness to which the Issuer (or any of its Affiliates) becomes a party may provide, that certain change of control events with respect to the Issuer would constitute a default thereunder (including a Change of Control under the Indenture). If the Issuer experiences a change of control that triggers a default under the Senior Credit Facilities and/or such other agreements or results in a requirement to offer to repurchase the Indebtedness governed by such agreement, we could seek a waiver of such default or seek to refinance the Senior Credit Facilities and/or the Indebtedness governed by such other agreements. In the event we do not obtain such a waiver or refinance the Senior Credit Facilities and/or such other agreements or repurchase such Indebtedness, such default could result in amounts outstanding under the Senior Credit Facilities and/or such other agreements being declared due and payable.

Our ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. See "Risk Factors — Risks Related to the Notes and our Indebtedness — We may not be able to satisfy our obligations to holders of the Notes upon a Change of Control."

The Change of Control purchase feature of the Notes may in certain circumstances make it more difficult or discourage a sale or takeover of the Issuer, and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Initial Purchasers and us. We have no present intention to engage in a transaction involving a Change of Control after the Issue Date, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on the ability of the Issuer and its Subsidiaries to incur additional Indebtedness are contained in the covenants described under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock." Such restrictions in the Indenture with respect to the Notes can be waived only with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders of the Notes protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer if a third-party makes the Change of Control Offer (including, for the avoidance of doubt, an Alternate Offer) in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer (including, for the avoidance of doubt, an Alternate Offer) may be made in advance of a Change of Control, conditional upon such Change of Control and such other conditions specified therein, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

A Change of Control Offer or Alternate Offer may be made at the same time as consents are solicited with respect to an amendment, supplement or waiver of the Indenture, the Notes and/or the Guarantees (but the Change of Control Offer may not condition tenders on the delivery of such consents). In addition, the Issuer or any third party that is making the Change of Control Offer (including, for the avoidance of doubt, an Alternate Offer) may, subject to applicable law, increase or decrease the Change of Control Payment (or decline to pay any early tender or similar premium) being offered to Holders at any time in its sole discretion, so long as the Change of Control Payment is at least equal to 101% of the aggregate principal amount of the Notes being repurchased, plus accrued and unpaid interest thereon.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third-party approved in writing by the Issuer making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third-party will have the right, upon not less than 10 nor more than 60 days' prior notice (except that such notice may be delivered or mailed more than 60 days prior to the Redemption Date or purchase date if the notice is subject to one or more conditions precedent as described under "— Selection and Notice"), given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem (with respect to the Issuer) or purchase (with respect to a third-party) all of the Notes that remain outstanding following such purchase on a date (the "*Second Change of Control Payment Date*") at a price in cash equal to the Change of Control Payment in respect of the Second Change of Control Payment Date, including, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, thereon, to, but excluding, the Second Change of Control Payment Date, subject to the right of Holders of record of Notes on the relevant record date to receive interest due on the relevant interest payment date falling on or prior to the Second Change of Control Payment Date. In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes have validly tendered and not validly withdrawn Notes in a tender offer, Change of Control Offer or Alternate Offer, as applicable, Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer, Change of Control Offer or Alternate Offer, as applicable.

The definition of "*Change of Control*" includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person, other than any Permitted Holder. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make a Change of Control Offer with respect to the Notes upon a Change of Control may be waived or modified at any time with the written consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding.

***Asset Sales***

The Indenture will provide that the Issuer will not, and will not permit any Restricted Subsidiary to, consummate, directly or indirectly, an Asset Sale unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (measured at the time of contractually agreeing to such Asset Sale) of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, with respect to any Asset Sale for a purchase price in excess of the greater of (x) $24.5 million and (y) 10% of the Consolidated EBITDA of the Issuer for the Applicable Measurement Period, at least 75% of the consideration (measured at the time of contractually agreeing to such Asset Sale) for such Asset Sale, together with all other Asset Sales since the Issue Date (on a cumulative basis), received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents.

Within 450 days after the later of (A) the date of any Asset Sale and (B) the receipt of any Net Proceeds from any Asset Sale (the "*Asset Sale Proceeds Application Period*"), the Issuer or such Restricted Subsidiary, at its option, may apply an amount not to exceed the Net Proceeds from such Asset Sale,

(a) to repay (i) Obligations under the Notes or the Senior Credit Facilities, (ii) Obligations related to Secured Indebtedness incurred pursuant to a Credit Facility to the extent such Obligations were incurred under clause (1) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and/or (iii) Obligations under any other Secured Indebtedness, and in each case, in the case of revolving obligations (other than obligations in respect of any asset-based credit facility to the extent the assets sold or otherwise disposed of in connection with such Asset Sale constituted "borrowing base assets"), to correspondingly reduce commitments with respect thereto;

(b) to repay Obligations under any Senior Indebtedness (other than any Senior Indebtedness referred to in clause (a) above), and in the case of revolving obligations (other than obligations in respect of any asset-based credit facility to the extent the assets sold or otherwise disposed of in connection with such Asset Sale constituted "borrowing base assets"), to correspondingly reduce commitments with respect thereto; *provided* that the Issuer or such Restricted Subsidiary will either (A) reduce the aggregate principal amount of Obligations under the Notes on an equal or ratable basis with any Senior Indebtedness repaid pursuant to this clause (b) by, at its option, (x) redeeming Notes as provided under "— Optional Redemption" and/or (y) purchasing Notes through open-market purchases or in privately negotiated transactions at market prices (which may be below par) and/or (B) make an offer (in accordance with the provisions set forth below for an Asset Sale Offer and for no less than 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, thereon) to all Holders to purchase their Notes on an equal or ratable basis with any Senior Indebtedness repaid pursuant to this clause (b) (which offer shall be deemed to be an Asset Sale Offer for purposes hereof);

(c) to invest in the business of the Issuer and its Subsidiaries, including (i) any investment in Additional Assets, (ii) making capital expenditures and (iii) any investment in any property or other assets that replace the businesses, properties and/or assets that are the subject of such Asset Sale;

(d) to repay Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary;

(e) in the event of an Asset Sale by a Restricted Subsidiary, to repay the Attributable Obligations of such Restricted Subsidiary (the "*Attributable Obligations Repayment*"); or

(f) any combination of the foregoing;

*provided* that, in the case of clause (c) above, a binding commitment or letter of intent shall be treated as a permitted application of the Net Proceeds from the date of such commitment or letter of intent so long as the Issuer or such Restricted Subsidiary enters into such commitment or letter of intent with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment or letter of intent within 180 days of the expiration of the Asset Sale Proceeds Application Period (an "*Acceptable Commitment*") and such Net Proceeds are actually applied in such manner within the later of 450 days from the consummation of the Asset Sale and 180 days of the Acceptable Commitment (the period from the consummation of the Asset Sale to such date, the "*First Commitment Application Period*"), and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, then such Net Proceeds shall constitute Excess Proceeds unless the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment prior to the expiration of the First Commitment Application Period (a "*Second Commitment*") and such Net Proceeds are actually applied in such manner prior to 180 days from the date of entering into the Second Commitment; *provided*, *further*, that if any Second Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied or if such Second Commitment is not entered into prior to the expiration of the First Commitment Application Period, then such Net Proceeds shall constitute Excess Proceeds to the extent the Asset Sale Proceeds Application Period has expired.

To the extent Net Proceeds from an Asset Sale exceed amounts that are invested or applied as provided and within the time period set forth in the preceding paragraph, such excess amount will be deemed to constitute "*Excess Proceeds*". No later than 20 Business Days after the date that the aggregate amount of Excess Proceeds exceeds $50.0 million, the Issuer shall make an offer to all Holders and, if required by the terms of other Indebtedness that is *pari passu* in right of payment with the Notes ("*Pari Passu Indebtedness*"), to the holders of such Pari Passu Indebtedness (an "*Asset Sale Offer*"), to purchase the maximum aggregate principal amount (or accreted value, as applicable) of the Notes and such Pari Passu Indebtedness that is, in the case of the Notes only, equal to $1,000 or an integral multiple thereof that may be purchased out of the amount equal to the Net Proceeds Percentage of the Excess Proceeds at an offer price, in the case of the Notes only, in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date fixed for the repurchase of such Notes pursuant to such offer, in accordance with the procedures set forth in the Indenture and, if applicable, the other documents governing the applicable Pari Passu Indebtedness. The Issuer will commence an Asset Sale Offer by sending the notice required pursuant to the terms of the Indenture, with a copy to the Trustee. The Issuer may satisfy the foregoing obligation with respect to such Net Proceeds from an Asset Sale by making an Asset Sale Offer in advance of being required to do so by the Indenture (an "*Advance Offer*") with respect to all or part of the available Net Proceeds (the "*Advance Portion*").

To the extent that the aggregate principal amount (or accreted value, as applicable) of Notes and, if applicable, Pari Passu Indebtedness, tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) (the "*Declined Proceeds*"), the Issuer may include any remaining Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) as Declined Proceeds. If the aggregate principal amount (or accreted value, as applicable) of Notes or the Pari Passu Indebtedness tendered pursuant to an Asset Sale Offer exceeds the amount of Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion), the Trustee shall select the Notes (subject to applicable DTC procedures as to global notes) and the Issuer or the representative of such Pari Passu Indebtedness shall select such Pari Passu Indebtedness to be purchased or repaid by lot or on a pro rata basis based on the accreted value or principal amount of the Notes and such Pari Passu Indebtedness tendered, with adjustments as necessary so that no Notes or Pari Passu Indebtedness, as the case may be, will be repurchased in an unauthorized denomination; *provided*, that no Notes of $2,000 or less shall be repurchased in part. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero (regardless of whether there are any remaining Excess Proceeds upon such completion), and in the case of an Advance Offer, the Advance Portion shall be excluded in subsequent calculations of Excess Proceeds.

If any Note is to be purchased in part only, any notice of purchase that relates to such Note shall state the portion of the principal amount thereof that has been or is to be purchased. A new Note in principal amount equal to the unpurchased portion of any Note purchased in part will be issued in the name of the holder thereof upon cancellation of the original Note; *provided* that global Notes will be reduced in accordance with the applicable procedures of DTC to reflect the unpurchased portion of any such Note. On and after the purchase date, unless the Issuer defaults in payment of the purchase price, interest shall cease to accrue on Notes or portions thereof purchased.

An Asset Sale Offer or Advance Offer may be made at the same time as consents are solicited with respect to an amendment, supplement or waiver of the Indenture, the Notes and/or the Guarantees (but the Asset Sale Offer or Advance Offer may not condition tenders on the delivery of such consents).

Pending the final application of an amount equal to the Net Proceeds pursuant to this covenant, the holder of such Net Proceeds may apply any Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility (including under the Senior Credit Facilities) or otherwise invest such Net Proceeds in any manner not prohibited by the Indenture. The Issuer (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Proceeds attributable to any given Asset Sale (provided that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Sale, execution of a definitive agreement for the relevant Asset Sale and consummation of the relevant Asset Sale) and deem the amount so invested to be applied pursuant to and in accordance with the second paragraph of this covenant with respect to such Asset Sale.

For purposes of clause (2) of the first paragraph of this covenant (and no other provision), the following shall be deemed to be Cash Equivalents:

(1) the greater of the principal amount and the carrying value of any liabilities (as reflected on the most recent balance sheet of the Issuer or such Restricted Subsidiary or in the footnotes thereto, or if incurred, accrued or increased subsequent to the date of such balance sheet, such liabilities that would have been reflected on the balance sheet of the Issuer or such Restricted Subsidiary or in the footnotes thereto if such incurrence, accrual or increase had taken place on or prior to the date of such balance sheet, as determined in good faith by the Issuer) of the Issuer or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes or the Note Guarantees, that are assumed by the transferee of any such assets (or are otherwise extinguished in connection with the transactions relating to such Asset Sale) pursuant to a written agreement which releases or indemnifies the Issuer or such Restricted Subsidiary from such liabilities;

(2) the amount of any trade-in value applied to the purchase price of any replacement assets acquired in connection with such Asset Sale;

(3) the fair market value of any earn-outs or royalties (as conclusively determined by the Issuer);

(4) any securities, notes or other obligations or assets received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents, or by their terms are required to be satisfied for cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received), in each case, within 180 days following the closing of such Asset Sale;

(5) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Sale; and

(6) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value (with the fair market value of such item of Designated Non-cash Consideration being measured at the time of contractually agreeing to the related Asset Sale), taken together with all other Designated Non-cash Consideration received pursuant to this clause (6) that is at that time outstanding, not to exceed the greater of (x) $123.0 million and (y) 5% of Total Assets at the time of contractually agreeing to such Asset Sale.

To the extent that any portion of Net Proceeds payable in respect of the Notes is denominated in a currency other than U.S. dollars, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in dollars that is actually received by the Issuer upon converting such portion into U.S. dollars.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer or an Advance Offer. To the extent that the provisions of any securities laws or regulations conflict with the asset sale provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the asset sale provisions of the Indenture by virtue of such compliance. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Sale may be waived or modified at any time with the written consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding.

The Senior Credit Facilities limit, and any future credit agreements or other agreements relating to Indebtedness to which the Issuer (or one of its Affiliates) becomes a party may prohibit or limit, the Issuer from purchasing any Notes pursuant to this asset sale covenant. In the event the Issuer is contractually prohibited from purchasing the Notes, the Issuer or one of its Affiliates, as the case may be, may seek the consent of its lenders or holders of such Indebtedness with respect to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition or limitation. If the Issuer or one of its Affiliates, as the case may be, does not obtain such consent or repay such borrowings, the Issuer will remain contractually prohibited from purchasing the Notes. In such case, the Issuer's failure to purchase tendered Notes when required by the terms and provisions of this asset sale covenant would constitute a Default under the Indenture.

**Certain Covenants**

***Effectiveness of Covenants***

Set forth below are summaries of certain covenants to be contained in the Indenture. If on any date following the Issue Date, (i) the Notes have Investment Grade Ratings from two of three Rating Agencies and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "*Covenant Suspension Event*"), then beginning on such date and continuing until the Reversion Date (as defined below), the Issuer and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the "*Suspended Covenants*") and related Defaults and Events of Default:

(1) "— Repurchase at the Option of Holders — Asset Sales;"

(2) "— Limitation on Restricted Payments;"

(3) "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(4) clause (4) of the first paragraph of "— Merger, Consolidation, Amalgamation or Sale of All or Substantially All Assets;"

(5) "— Transactions with Affiliates;"

(6) "— Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;" and

(7) "— Additional Note Guarantees."

In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "*Reversion Date*") the Covenant Suspension Event ceases to be in effect, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants and related Defaults and Events of Default under the Indenture with respect to future events.

The period of time between (and including) the date of the Covenant Suspension Event and the Reversion Date (but excluding the Reversion Date) is referred to in this description as the "*Suspension Period*." The Note Guarantees of the Guarantors will be suspended and/or released to the extent applicable under clause (f) of the paragraph under "— Note Guarantees — Release of Note Guarantees" during the Suspension Period. Additionally, upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from any Asset Sale shall be reset at zero. In the event of any such reinstatement, no action taken or omitted to be taken by the Issuer or any of its Restricted Subsidiaries prior to such reinstatement will give rise to a Default or Event of Default under the Indenture with respect to the Notes; *provided*, that (1) with respect to Restricted Payments made on or after the Reversion Date, the amount of Restricted Payments made will be calculated as though the covenant described under the caption "— Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period (including with respect to a Limited Condition Acquisition or Specified Transaction entered into during the Suspension Period), (2) all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period (or deemed incurred or issued in connection with a Limited Condition Acquisition or Specified Transaction entered into during the Suspension Period) will be classified to have been incurred or issued pursuant to clause (3) of the second paragraph of "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," (3) no Subsidiaries shall be designated as Unrestricted Subsidiaries during any Suspension Period, unless such designation would have complied with the covenant described under the caption "— Limitation on Restricted Payments" as if such covenant was in effect for the purposes of designating Unrestricted Subsidiaries from the Issue Date to the date of such designation, (4) any Affiliate Transaction entered into on or after the Reversion Date pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (6) of the second paragraph of the covenant described under "— Transactions with Affiliates," (5) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to take any action described in clauses (1) through (3) of the first paragraph of the covenant described under "— Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (a) of the covenant described under "— Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries," (6) no Subsidiary of the Issuer shall be required to comply with the covenant described under "— Additional Note Guarantees" on or after the Reversion Date with respect to any guarantee entered into by such Subsidiary during the Suspension Period, (7) all Liens created, incurred or assumed during the Suspension Period (or deemed created, incurred or assumed in connection with a Limited Condition Acquisition or Specified Transaction entered into during the Suspension Period) in compliance with the Indenture will be deemed to have been outstanding on the Issue Date, so that they are classified as permitted under clause (11) of the definition of "Permitted Liens" and (8) all Investments made during the Suspension Period (or deemed made in connection with a Limited Condition Transaction or Specified Transaction entered into during the Suspension Period) will be classified to have been made under clause (5) of the definition of "Permitted Investments."

During the Suspension Period, the Issuer and its Restricted Subsidiaries will be entitled to incur Liens permitted under "— Limitation on Liens" (including, without limitation, Permitted Liens). To the extent such covenant and any Permitted Liens refer to one or more Suspended Covenants, such covenant or definition shall be interpreted as though such applicable Suspended Covenant(s) continued to be applicable during the Suspension Period (but solely for purposes of the "— Limitation on Liens" covenant and the "Permitted Liens" definition and for no other covenant).

Notwithstanding that the Suspended Covenants may be reinstated on or after the Reversion Date, (1) no Default, Event of Default or breach of any kind will be deemed to exist or have occurred under the Notes, the Note Guarantees or the Indenture with respect to the Suspended Covenants, and none of the Issuer or any of its Subsidiaries shall bear any liability for any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation entered into or arising during any Suspension Period, in each case as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or, upon termination of the Suspension Period or after that time, as a result of any action taken or event that occurred during the

Suspension Period), and (2) on or following a Reversion Date, the Issuer and each Restricted Subsidiary will be permitted, without causing a Default or Event of Default, to honor, comply with or otherwise perform any contractual commitments or obligations arising during any Suspension Period and to consummate the transactions contemplated thereby.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Ratings.

The Issuer shall provide written notice to the Trustee of the occurrence of any Covenant Suspension Event or Reversion Date, but no Default or Event of Default shall occur as a result of the failure to provide such notice. The Trustee will have no obligation to (1) independently determine or verify if such events have occurred or (2) notify the Holders of the occurrence of a Covenant Suspension Event or Reversion Date. The Trustee will have no duty to monitor, inquire as to or ascertain compliance with the covenants described below.

***Limitation on Restricted Payments***

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

(I) declare or pay any dividend or make any payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests, including any dividend or distribution payable in connection with any merger, amalgamation or consolidation other than:

(a) dividends, payments or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer or in options, warrants or other rights to purchase such Equity Interests (other than Disqualified Stock); or

(b) dividends, payments or distributions by a Restricted Subsidiary so long as, in the case of any dividend, payment or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary, the Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend, payment or distribution in accordance with its Equity Interests in such class or series of securities;

(II) redeem, purchase, repurchase, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any Parent Entity, including in connection with any merger, amalgamation or consolidation, in each case, held by a Person other than the Issuer or a Restricted Subsidiary;

(III) make any principal payment on, or redeem, purchase, repurchase, defease, discharge or otherwise acquire or retire for value, in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness other than:

(a) Indebtedness permitted to be incurred or issued under clauses (7), (8) or (9) of the second paragraph of the covenant described under "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" or

(b) the prepayment, redemption, purchase, repurchase, defeasance, discharge or other acquisition or retirement of Subordinated Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of prepayment, redemption, purchase, repurchase, defeasance, discharge or acquisition or retirement; or

(IV) make any Restricted Investment (all such payments and other actions set forth in clauses (I) through (IV) above (other than any exceptions thereto) being collectively referred to as "*Restricted Payments*"), unless, at the time of such Restricted Payment:

(1) in the case of a Restricted Payment by the Issuer or a Guarantor described in clauses (I) and (II) above utilizing clause (3)(a) below, no Event of Default under clause

(1) or, solely with respect to the Issuer, (6) of "— Events of Default and Remedies" shall have occurred and be continuing or would occur as a consequence thereof;

(2) in the case of a Restricted Payment by the Issuer or a Guarantor described in clauses (I) and (II) above utilizing clause (3)(a) below, after giving effect to such Restricted Payment on a *pro forma* basis, the Issuer could incur $1.00 of additional Indebtedness under the provisions of the first paragraph of the covenant described under "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clauses (1) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of (without duplication):

(a) 50% of the Consolidated Net Income of the Issuer (including any predecessor of the Issuer) for the period (taken as one accounting period) beginning on October 1, 2016 to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit (which amount in this clause (a) may not be less than zero); *plus*

(b) 100% of the aggregate net cash proceeds and the fair market value of marketable securities or other property received by the Issuer and its Restricted Subsidiaries since immediately after November 8, 2016 (other than net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (12)(a) of the second paragraph of "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") from the issue or sale of:

(i) (A) Equity Interests of the Issuer, including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value of marketable securities or other property received from the sale of:

(x) Equity Interests to any future, current or former employee, director, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members or any Permitted Transferee thereof) of the Issuer, its Subsidiaries or any Parent Entity after November 8, 2016 to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(y) Designated Preferred Stock; and

(B) Equity Interests of Parent Entities, to the extent such net cash proceeds and the fair market value of marketable securities or other property are actually contributed to the Issuer (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph); or

(ii) Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary that has been converted into or exchanged for such Equity Interests (other than Disqualified Stock and Designated Preferred Stock) of the Issuer or a Parent Entity;

*provided*, *however*, that this clause (b) shall not include the proceeds from (W) Refunding Capital Stock (as defined below) applied in accordance with clause (2) of the next succeeding paragraph, (X) Equity Interests (or Indebtedness that has been converted or exchanged for Equity Interests) of the Issuer or a Parent Entity sold to a Restricted Subsidiary, (Y) Disqualified Stock or debt securities that have been converted or exchanged into Disqualified Stock or (Z) Excluded Contributions; *plus*

(c) 100% of the aggregate amount of cash, Cash Equivalents and the fair market value of marketable securities or other property contributed to the capital of the Issuer or a Restricted Subsidiary, or that becomes part of the capital of the Issuer or a Restricted Subsidiary through consolidation or merger, after November 8, 2016 (other than net cash proceeds to the extent such net cash proceeds (i) have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (12)(a) of the second paragraph of "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", (ii) are contributed by a Restricted Subsidiary or (iii) constitute Excluded Contributions); *plus*

(d) 100% of the aggregate amount received in cash and the fair market value of marketable securities or other property received by the Issuer or a Restricted Subsidiary by means of:

(i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of, or other returns on, Restricted Investments made by the Issuer or its Restricted Subsidiaries (including repurchases and redemptions of such Investments and cash distributions or cash interest received in respect thereof) and repayments of loans or advances, and releases of guarantees which constitute Restricted Investments made by the Issuer or its Restricted Subsidiaries, in each case, after November 8, 2016;

(ii) the issuance, sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of the Equity Interests of, or a dividend or distribution from, an Unrestricted Subsidiary after November 8, 2016 (other than to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment); or

(iii) any returns, profits, distributions and similar amounts received on account of any Permitted Investment subject to a dollar-denominated or ratio-based basket (to the extent in excess of the original amount of such Investment); *plus*

(e) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after November 8, 2016, the fair market value of the Investment in such Unrestricted Subsidiary (or the net assets transferred) at the time of the redesignation, merger, amalgamation, consolidation or transfer of such Unrestricted Subsidiary as a Restricted Subsidiary (other than to the extent such Investment constituted a Permitted Investment made after November 8, 2016); *plus*

(f) the greater of (x) $98.0 million and (y) 40% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period, but excluding any amounts (to the extent not reducing the amounts available under clause (8), (9) or (10) of the immediately succeeding paragraph) that have been used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (24) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *plus*

(g) 100% of the aggregate amount of any Excluded Proceeds.

The foregoing provisions will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration thereof or the giving of such irrevocable notice, as applicable, if, at the date of declaration or the giving of such notice, such payment would have complied with the provisions of the Indenture (assuming, in the case of a redemption payment, the giving of the notice of such redemption payment would have been deemed to be a Restricted Payment at such time);

(2) (a) the redemption, purchase, repurchase, defeasance or other acquisition or retirement of any Equity Interests of the Issuer or any Restricted Subsidiary ("*Treasury Capital Stock*") (including any accrued and unpaid dividends thereon), or Subordinated Indebtedness or any Equity Interests of any Parent Entity, in exchange for, or in an amount equal to or less than the proceeds of a sale or issuance (other than to a Restricted Subsidiary) of Equity Interests of the Issuer or any Parent Entity that is made within 120 days of such sale to the extent such amount was contributed to the Issuer (in each case, other than any Disqualified Stock) ("*Refunding Capital Stock*") and (b) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, purchase, repurchase, defease, acquire or otherwise retire any Equity Interests of any Parent Entity) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) the prepayment, redemption, purchase, repurchase, defeasance, discharge or other acquisition or retirement of (i) Subordinated Indebtedness made in exchange for, or in an amount equal to or less than the proceeds of a sale of, new Indebtedness or Disqualified Stock of the Issuer or a Guarantor, that is made within 120 days of such incurrence or issuance of new Indebtedness or Disqualified Stock or (ii) Disqualified Stock of the Issuer or a Guarantor made in exchange for, or in an amount equal to or less than the proceeds of a sale of, Disqualified Stock of the Issuer or a Guarantor, that is made within 120 days of such sale and, in each case of (i) and (ii), is incurred or issued in compliance with "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," so long as:

(a) the principal amount (or accreted value, if applicable) of such new Indebtedness or the liquidation preference of such new Disqualified Stock does not exceed the principal amount of (or accreted value, if applicable), plus any accrued and unpaid interest on, the Subordinated Indebtedness or the liquidation preference of, plus any accrued and unpaid dividends on, the Disqualified Stock being so prepaid, redeemed, purchased, repurchased, defeased, discharged, acquired, retired or exchanged, plus the amount of any premium (including tender premiums), defeasance costs, underwriting discounts and any fees, costs and expenses incurred in connection with the issuance of such new Indebtedness or Disqualified Stock and such prepayment, redemption, defeasance, repurchase, acquisition, retirement, discharge or exchange;

(b) such new Indebtedness is subordinated to the Notes or the applicable Note Guarantee at least to the same extent as such Subordinated Indebtedness so prepaid, redeemed, purchased, repurchased, defeased, discharged, acquired, retired or exchanged;

(c) such new Indebtedness or Disqualified Stock has a final scheduled maturity date or mandatory redemption date, as applicable, equal to or later than the final scheduled maturity date or mandatory redemption date of the Subordinated Indebtedness or Disqualified Stock being so prepaid, redeemed, purchased, repurchased, defeased, discharged, acquired, retired or exchanged (or if earlier, such date that is at least 91 days after the maturity date of the Notes); and

(d) such new Indebtedness or Disqualified Stock has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness or Disqualified Stock being so prepaid, redeemed, purchased, repurchased, defeased, discharged, acquired, retired or exchanged (or requires no or nominal payments in cash (other than interest payments) prior to the date that is 91 days after the maturity date of the Notes);

(4) a Restricted Payment to pay for the redemption, purchase, repurchase, defeasance or other acquisition or retirement of Equity Interests (other than Disqualified Stock) of the Issuer or any Parent Entity held by any future, present or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity pursuant to any management, director, employee and/or advisor equity plan or equity option plan, stock appreciation rights plan, or any other management, director, employee and/or advisor benefit plan or agreement or any equity subscription or equityholder agreement or any employment termination agreement (including, for the avoidance of doubt, any principal and interest payable on any Indebtedness issued by the Issuer or any Parent Entity in connection with such repurchase, retirement or other acquisition), including any Equity Interests rolled over by management, directors or employees of the Issuer, any of its Subsidiaries or any Parent Entity in connection with any corporate transaction; *provided*, *however*, that the aggregate Restricted Payments made under this clause (4) do not exceed in any calendar year the greater of (x) $24.5 million and (y) 10% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (which shall increase to the greater of (x) $49.0 million and (y) 20% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period subsequent to the consummation of an underwritten public Equity Offering by the Issuer or any Parent Entity) (with unused amounts in any calendar year being carried over to one or more succeeding calendar years); *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed:

(a) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock and Designated Preferred Stock) of the Issuer and, to the extent contributed to the Issuer, the cash proceeds from the sale of Equity Interests of any Parent Entity, in each case, to any future, present or former employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity that occurs on or after November 8, 2016, to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) of the immediately preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries (or any Parent Entity to the extent contributed to the Issuer) after November 8, 2016;

(c) the amount of any cash bonuses otherwise payable to future, present or former employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity that are foregone in exchange for the receipt of Equity Interests of the Issuer or any Parent Entity pursuant to any compensation arrangement, including any deferred compensation plan; *less*

(d) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (a), (b) and (c) of this clause (4);

*provided* that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (a), (b) and (c) of this clause (4) in any calendar year; and *provided further*, that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any future, present or former employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any of its

Restricted Subsidiaries or any Parent Entity in connection with a repurchase of Equity Interests of the Issuer or any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary, in each case issued in accordance with the covenant described under "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" to the extent such dividends are included in the definition of "Fixed Charges;"

(6) (a) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Issuer after the Issue Date; *provided* that, if the Issuer is relying on clause (y) of the last proviso of this clause (6) to make such Restricted Payment, the amount of dividends paid pursuant to this clause (a) shall not exceed the net cash proceeds received by the Issuer from the issuance of such Designated Preferred Stock;

(b) the declaration and payment of dividends to a Parent Entity, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such Parent Entity issued after the Issue Date; *provided* that the amount of dividends paid pursuant to this clause (b) shall not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Designated Preferred Stock; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph; *provided* that, if the Issuer is relying on clause (y) of the last proviso of this clause (6) to make such Restricted Payment, the amount of dividends paid pursuant to this clause (c) shall not exceed the net cash proceeds received by the Issuer from the issuance of such Preferred Stock;

*provided*, *however*, that, in the case of each of clause (a) and clause (c) of this clause (6), for the Applicable Measurement Period at the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Issuer would have had either (x) a Fixed Charge Coverage Ratio of at least 2.00 to 1.00 or (y) a Consolidated Total Debt Ratio of equal to or less than 7.00 to 1.00;

(7) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding or similar taxes payable in connection with the exercise or vesting of Equity Interests or any other equity award by any future, present or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any of its Restricted Subsidiaries or any Parent Entity and repurchases or withholdings of Equity Interests in connection with the exercise of any stock or other equity options or warrants or other incentive interests or the vesting of equity awards if such Equity Interests represent all or a portion of the exercise price thereof or payments in lieu of the issuance of fractional Equity Interests, or withholding obligation with respect to, such options or warrants or other incentive interests or other Equity Interests or equity awards;

(8) declaration and payment of dividends on the Issuer's common equity (or the payment of dividends to any Parent Entity to fund a payment of dividends on such entity's common equity) or the redemption, purchase, repurchase, defeasance or other acquisition or retirement of any Equity Interests of the Issuer, following consummation of the first public offering of the Issuer's common stock or the common equity of any Parent Entity after the Issue Date, in an amount not to exceed (i) the sum of (A) 6.0% per annum of the net cash proceeds received by or contributed to the Issuer and its Restricted Subsidiaries in or from (x) any such public offering, other than public offerings with respect to the Issuer's or such Parent Entity's common equity registered on Form S-8 and other than any

public sale constituting an Excluded Contribution or (y) a SPAC IPO, to the extent of any cash held by the SPAC IPO Entity and remaining following the consummation of a SPAC IPO and (B) an aggregate amount per annum not to exceed 7% of Market Capitalization, *less* (ii) any amounts (to the extent not reducing the amounts available under clause (3) of the immediately preceding paragraph and clause (9) or (10) of this paragraph) that have been used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (24) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(9) Restricted Payments that are made (i) (a) in an amount that does not exceed the aggregate amount of Excluded Contributions received following the Issue Date and (b) without duplication with clause (a), in an amount that does not exceed the aggregate net cash proceeds from any sale or disposition of, or distribution in respect of, Investments acquired after the Issue Date, to the extent the acquisition of such Investments was financed with Excluded Contributions received following the Issue Date, *less* (ii) any amounts (to the extent not reducing the amounts available under clause (3) of the immediately preceding paragraph and clause (8) or (10) of this paragraph) that have been used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (24) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(10) other Restricted Payments in an aggregate amount, taken together with all other Restricted Payments made pursuant to this clause (10), not to exceed (i) (x) the greater of $73.5 million and 30% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (the greater of such amounts, the "*General Restricted Payments Amount*") and (y) without duplication with clause (x), an amount equal to the amount by which aggregate net cash proceeds from any sale or disposition of, or any distribution or returns in respect of, Restricted Payments made in reliance on clause (x) exceeds the General Restricted Payments Amount and provided that such amount will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under this covenant, *less* (ii) any amounts (to the extent not reducing the amounts available under clause (3) of the immediately preceding paragraph and clause (8) or (9) of this paragraph) that have been used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (24) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) any Restricted Payment used to fund amounts owed to Affiliates (including dividends to any Parent Entity to permit payment by such Parent Entity of such amount) to the extent permitted by the covenant described under "— Transactions with Affiliates" (except transactions described in clause (2) of the second paragraph of such covenant);

(12) the prepayment, redemption, purchase, repurchase, defeasance, discharge or other acquisition or retirement of any Subordinated Indebtedness (i) in accordance with provisions similar to those described under the captions "— Repurchase at the Option of Holders — Change of Control" and "— Repurchase at the Option of Holders — Asset Sales" or (ii) after completion of an Asset Sale Offer, from any remaining Excess Proceeds (assuming such Excess Proceeds were not reset at zero upon completion of an Asset Sale Offer); *provided* that (x) at or prior to such prepayment, redemption, purchase, repurchase, defeasance, discharge or other acquisition or retirement, the Issuer (or a third Person permitted by the Indenture) has made a Change of Control Offer or Asset Sale Offer, as the case may be, to the extent required as a result of such Change of Control or Asset Sale, as the case may be, and (y) all Notes tendered by Holders in connection with the relevant Change of Control Offer or Asset Sale Offer, as applicable, have been prepaid, redeemed, purchased, repurchased, defeased, discharged, acquired or retired;

(13) the declaration and payment of dividends or distributions by the Issuer, or the making of loans, to any Parent Entity, or any direct or indirect holder of Equity Interests of the Issuer or any Restricted Subsidiary in amounts required to pay or cause to be paid, in each case, without duplication,

(a) franchise, excise and similar taxes and other fees and expenses, in each case, required to maintain their corporate or other legal existence;

(b) for any taxable period for which the Issuer and/or any of its Subsidiaries are members (or disregarded entities of members for U.S. or foreign tax purposes) of a consolidated, combined or unitary tax group for U.S. federal and/or applicable state, local, provincial, territorial or foreign income or similar tax purposes of which a Parent Entity is the common parent (a "*Tax Group*"), the portion of any U.S. federal, state, local, provincial, territorial or foreign income or similar taxes (as applicable), including any interest or penalties related thereto, of such Tax Group for such taxable period that are attributable to the income of the Issuer and/or its applicable Subsidiaries; *provided* that (A) except in connection with the Issuer's adoption of ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), payments made pursuant to this subclause (b) shall not exceed the amount of liability that the Issuer and/or its Subsidiaries (as applicable) would have incurred were such taxes determined as if such entity(ies) were a stand-alone taxpayer or a stand-alone group for all taxable periods beginning after the Issue Date; (B) payments under this clause (b) in respect of any taxes attributable to the income of any Unrestricted Subsidiaries of the Issuer may be made only to the extent that such Unrestricted Subsidiaries have made cash payments for such purpose to the Issuer or its Restricted Subsidiaries; and (C) distributions under this subclause (b) in respect of any taxable period (or portion thereof) ending on or before the Issue Date shall be permitted only to the extent resulting from income audit adjustments that arise after the Issue Date;

(c) customary salary, bonus, long-term incentive plan awards, severance and other benefits payable to, and indemnities provided on behalf of, future, current or former officers, employees, directors, managers and consultants of any Parent Entity to the extent such salaries, bonuses, severance and other benefits and indemnities are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries, including the Issuer's or its Restricted Subsidiaries' proportionate share of such amount relating to such Parent Entity being a public company;

(d) general corporate, operating and other costs and expenses (including, without limitation, expenses related to the maintenance of corporate or other existence, insurance premiums, and auditing or other accounting or tax reporting matters) and, following the first public offering of the common equity of any Parent Entity after the Issue Date, listing fees and other costs and expenses attributable to being a public company, of any Parent Entity;

(e) fees and expenses related to any equity or debt offering, financing transaction, acquisitions, divestitures, investments or other non-ordinary course transaction (whether or not successful) of such Parent Entity; *provided* that any such acquisition or investment was, in the good faith judgment of the Issuer, intended to be for the benefit of the Issuer;

(f) amounts (including fees and expenses) that would otherwise be permitted to be paid directly by the Issuer pursuant to the covenant under "— Transactions with Affiliates" (except transactions described in clause (2) of the second paragraph of such covenant);

(g) cash payments in lieu of issuing fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of the Issuer or any Parent Entity;

(h) any Restricted Payments permitted by clause (4) of this paragraph;

(i) to finance any Investment that would otherwise be permitted to be made pursuant to this covenant if made by the Issuer; *provided*, that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (B) such Parent Entity shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests but not including any loans or advances made pursuant to clause (15) or (16) of the definition of "Permitted Investments") to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries (which contribution is not an Excluded Contribution) or (2) the Person formed or acquired to merge into, or amalgamate or consolidate with, the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant described under the caption "— Merger, Consolidation, Amalgamation or Sale of All or Substantially All Assets" below) in order to consummate such Investment, (C) to the extent constituting an Investment, such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant or pursuant to the definition of Permitted Investments and (D) any property received by the Issuer or a Restricted Subsidiary will not increase amounts available for Restricted Payments pursuant to clause (3) of the immediately preceding paragraph; and

(j) an amount not to exceed CDN $30,000 (grossed up for any applicable withholding taxes) in any fiscal year (with unused amounts in any calendar year being carried over to one or more succeeding calendar years);

(14) the redemption, purchase, repurchase, defeasance, or other acquisition or retirement of Equity Interests of the Issuer or any Restricted Subsidiary deemed to occur in connection with paying cash in lieu of fractional shares of such Equity Interests in connection with a share dividend, distribution, share split, reverse share split, merger, consolidation, amalgamation or other business combination of the Issuer or any Restricted Subsidiary, in each case, permitted under the Indenture;

(15) the distribution, by dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, the primary assets of which are cash and/or Cash Equivalents);

(16) any Restricted Payment; *provided* that on a *pro forma* basis after giving effect to such Restricted Payment and the incurrence of any Indebtedness the proceeds of which are used to make such Restricted Payment, the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period would be equal to or less than 5.00 to 1.00;

(17) payments or distributions to satisfy dissenters' or appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, pursuant to or in connection with a consolidation, amalgamation, merger or transfer of assets that complies with "— Merger, Consolidation, Amalgamation or Sale of All or Substantially All Assets" or any Permitted Investment;

(18) distributions or payments of Receivables Fees and purchases of receivables in connection with any Permitted Receivables Financing or any repurchase obligation in connection therewith;

(19) any prepayment, redemption, purchase, repurchase, defeasance, discharge or other acquisition or retirement of Subordinated Indebtedness consisting of Acquired Indebtedness;

(20) mandatory redemptions of Disqualified Stock;

(21) (i) payments made to optionholders or holders of phantom equity or profits interests of the Issuer or any Parent Entity in connection with, or as a result of, any distribution made to stockholders of the Issuer or Parent Entity (to the extent such distribution is otherwise permitted hereunder), which payments are being made to compensate such optionholders or holders of phantom equity or profits interests as though they were stockholders at the time of, and entitled to share in, such distribution (it being understood that no such payment may be made to an optionholder or holder of phantom equity or profits interests pursuant to this clause (21) to the extent such payment would not have been permitted to be made to such optionholder or holder of phantom equity or profits interests if it were a stockholder pursuant to the provisions of this covenant) and (ii) Restricted Payments to pay for the redemption, purchase, repurchase, defeasance or other acquisition or retirement of Equity Interests of the Issuer or any Parent Entity, in each case for nominal value, from a former investor of an acquired

business or a present or former employee, director, officer, manager or consultant of an acquired business (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof), which Equity Interests were issued as part of an earn-out or similar arrangement in the acquisition of such business, and which repurchase relates to the failure of such earn-out to fully vest;

(22) a Restricted Payment to pay for the redemption, purchase, repurchase, defeasance or other acquisition or retirement of Equity Interests (other than Disqualified Stock) of the Issuer, any Restricted Subsidiary or any Parent Entity held by any future, present or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity pursuant to any management, director, employee and/or advisor equity plan or equity option plan, stock appreciation rights plan, or any other management, director, employee and/or advisor benefit plan or agreement or any equity subscription or equityholder agreement or any employment termination agreement; *provided*, *however*, that the aggregate Restricted Payments made under this clause (22) do not exceed (i) in any calendar year, the greater of (x) $18.0 million and (y) 7.5% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (with unused amounts in any calendar year being carried over to one or more succeeding calendar years) *plus* (ii) the greater of (x) $49.0 million and (y) 20% of Consolidated EBITDA for any such repurchases of Equity Interests payable to the holders of stock options issued in 2012;

(23) the redemption, purchase, repurchase, defeasance, or other acquisition or retirement by the Issuer or a Guarantor of Equity Interests in a Subsidiary from Minority Interest Partners in an aggregate amount, together with amounts outstanding pursuant to paragraph (24) of the definition of "Permitted Investments," not to exceed at any time outstanding the greater of (x) $61.0 million and (y) 25% of Consolidated EBITDA;

(24) any Restricted Payments to any future, present or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of a Restricted Subsidiary from the Net Proceeds from any Asset Sale remaining after an Attributable Obligations Repayment; and

(25) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness in an aggregate amount, taken together with all other Restricted Payments made pursuant to this clause (25), not to exceed the greater of $50.0 million and 20.5% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period;

*provided*, *however*, that at the time of, and after giving effect to, any Restricted Payment (other than a Restricted Investment) permitted under clause (16), no Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

As of December 31, 2020, the amount of Restricted Payments that would have been permitted to be made pursuant to clause (3)(a) through (f) of the first paragraph of this "— Limitation on Restricted Payments" covenant was approximately $301 million.

For purposes of determining compliance with this covenant, in the event that a proposed Restricted Payment or Permitted Investment (or a portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in the preceding clauses (1) through (25) above and/or is entitled to be made pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "Permitted Investments," the Issuer will be entitled to divide or classify (or later divide, classify or reclassify in whole or in part in its sole discretion) such Restricted Payment or Permitted Investment (or a portion thereof) among such clauses (1) through (25) and/or such first paragraph and/or one or more of the clauses contained in the definition of "Permitted Investments," in a manner that otherwise complies with this covenant.

The amount of all Restricted Payments (other than cash) will be the fair market value on the Transaction Test Date, in the case of a Specified Transaction, or the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Issuer or any Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the penultimate sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be Restricted Payments or Permitted Investments in an amount determined as set forth in the definition of "Investments." Such designation will be permitted only if a Restricted Payment or Permitted Investment in such amount would be permitted at such time, whether pursuant to this covenant or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Indenture and will not guarantee the Notes.

For the avoidance of doubt, this covenant shall not restrict the making of any "AHYDO catch up payment" with respect to, and required by the terms of, any Indebtedness of the Issuer or any of its Restricted Subsidiaries permitted to be incurred under the terms of the Indenture.

***Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "*incur*" and collectively, an "*incurrence*") with respect to any Indebtedness (including Acquired Indebtedness) and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or any Restricted Subsidiary that is not a Guarantor to issue Preferred Stock; *provided*, *however*, that the Issuer may incur Indebtedness (including Acquired Indebtedness) and issue shares of Disqualified Stock, and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Indebtedness), and issue shares of Disqualified Stock or Preferred Stock, if either (x) the Fixed Charge Coverage Ratio of the Issuer for the Applicable Measurement Period would have been at least 2.00 to 1.00 or (y) the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period would have been equal to or less than 7.00 to 1.00, in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of the Applicable Measurement Period; *provided*, *further*, that Restricted Subsidiaries that are not Guarantors may not incur Indebtedness or issue Disqualified Stock or Preferred Stock if, after giving *pro forma* effect to such incurrence or issuance (including a *pro forma* application of the net proceeds therefrom), more than an aggregate of the greater of (x) $98.0 million and (y) 40% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period of Indebtedness or Disqualified Stock or Preferred Stock of Restricted Subsidiaries that are not Guarantors incurred pursuant to this paragraph, together with amounts incurred under clause (14)(x) of the next paragraph by Restricted Subsidiaries that are not Guarantors, would be outstanding at such time.

The foregoing limitations will not apply to:

(1) the incurrence of Indebtedness under Credit Facilities by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount then outstanding not to exceed the sum of (a) $1,580.0 million plus (b) the greater of (x) $245.0 million and (y) 100% of Consolidated EBITDA

of the Issuer for the Applicable Measurement Period plus (c) an additional amount, if after giving *pro forma* effect to the incurrence of such additional amount and the application of the proceeds therefrom, the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period would be no greater than 5.25 to 1.00; *provided* that for purposes of determining the amount that may be incurred under this clause (1)(c), all Indebtedness incurred under this clause (1)(c) shall be deemed to be included in clause (1) of the definition of "Consolidated Secured Debt Ratio;"

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Notes (including any Note Guarantee thereof) (other than any Additional Notes, if any, or Note Guarantees with respect thereto);

(3) Indebtedness of the Issuer and its Restricted Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1) and (2)) after giving effect to the Transactions;

(4) Indebtedness (including Financing Lease Obligations and Purchase Money Obligations), Disqualified Stock and Preferred Stock incurred by the Issuer or any of its Restricted Subsidiaries, to finance the purchase, lease, expansion, construction, development, replacement, maintenance, upgrade, installation, replacement, repair or improvement of property (real or personal), equipment or any other asset (including through the purchase of Capital Stock of any Person owning such property, equipment or other assets); *provided* that the aggregate amount of Indebtedness, Disqualified Stock and Preferred Stock incurred or issued and outstanding pursuant to this clause (4) (other than capital leases (and Financing Lease Obligations) that are characterized as such based on subjective acceleration clauses or cross-default clauses, without giving effect to any change in GAAP subsequent to January 1, 2013), when aggregated with all outstanding Indebtedness under clause (13) below incurred to refinance Indebtedness initially incurred in reliance on this clause (4), does not at the time of such incurrence exceed the greater of (x) $73.5 million and (y) 30% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (4) shall cease to be deemed incurred or outstanding for purposes of this clause (4) but shall be deemed incurred pursuant to the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred or issued such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (4));

(5) (a) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit, bankers' acceptances, bank guarantees, warehouse receipts or similar instruments issued or entered into, or relating to obligations or liabilities incurred, in the ordinary course of business or consistent with past practice, including letters of credit in favor of suppliers or trade creditors or in respect of workers' compensation claims, performance, completion or surety bonds, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to obligations regarding workers' compensation claims, performance, completion or surety bonds, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance and (b) Indebtedness of the Issuer or any of its Restricted Subsidiaries as an account party in respect of letters of credit, bank guarantees or similar instruments or other guarantee obligations in favor of suppliers, customers, franchisees, lessors, licensees, sublicensees, distribution partners or other creditors issued in the ordinary course of business or consistent with past practice;

(6) Indebtedness arising from agreements of the Issuer or any of its Restricted Subsidiaries providing for indemnification, adjustment of purchase price, earn out or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary or Investment, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition;

(7) Indebtedness of the Issuer owing to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor, excluding any Indebtedness in

respect of accounts payable incurred in connection with goods and services rendered in the ordinary course of business or consistent with past practice (and not in connection with the borrowing of money), is expressly subordinated in right of payment (but only to the extent permitted by applicable law) to the Notes; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien (but not foreclosure thereon)) shall be deemed, in each case, to be an incurrence of such Indebtedness (to the extent such Indebtedness is then outstanding) not permitted by this clause;

(8) Indebtedness of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary; *provided* that if a Guarantor incurs such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor, excluding any Indebtedness in respect of accounts payable incurred in connection with goods and services rendered in the ordinary course of business or consistent with past practice (and not in connection with the borrowing of money), such Indebtedness is expressly subordinated in right of payment (but only to the extent permitted by applicable law) to the Note Guarantee of such Guarantor; *provided*, *further*, that any subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien (but not foreclosure thereon)) shall be deemed, in each case, to be an incurrence of such Indebtedness (to the extent such Indebtedness is then outstanding) not permitted by this clause;

(9) shares of Preferred Stock or Disqualified Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event that results in any Restricted Subsidiary that holds such Preferred Stock or Disqualified Stock ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock or Disqualified Stock (except to the Issuer or another Restricted Subsidiary or any pledge of such Capital Stock constituting a Permitted Lien (but not foreclosure thereon)) shall be deemed in each case to be an issuance of such shares of Preferred Stock or Disqualified Stock, as applicable (to the extent such Preferred Stock or Disqualified Stock is then outstanding), not permitted by this clause;

(10) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes);

(11) obligations in respect of self-insurance and obligations in respect of stays, customs, performance, indemnity, bid, appeal, judgment, surety and other similar bonds or instruments and performance, bankers' acceptance facilities and completion guarantees and similar obligations provided by the Issuer or any of its Restricted Subsidiaries or obligations in respect of letters of credit, bank guarantees or similar instruments related thereto, in each case, in the ordinary course of business or consistent with past practice;

(12) (a) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount or liquidation preference of up to 200.0% of the net cash proceeds received by the Issuer since immediately after the Issue Date from the issue or sale of Equity Interests of the Issuer or a Parent Entity or cash contributed to the capital of the Issuer (in each case, other than the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer in connection with Excluded Contributions or proceeds of Disqualified Stock or sales of Equity Interests to the Issuer or any of its Subsidiaries) as determined in accordance with clauses (3)(b) and (3)(c) of the first paragraph of "— Limitation on Restricted Payments" to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to the second paragraph of "— Limitation on Restricted Payments" or to make Permitted Investments (other than Permitted Investments specified in clauses (1), (2) and (3) of the definition thereof) and (b) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference which, when aggregated with the principal amount and

liquidation preference of all other outstanding Indebtedness, Disqualified Stock and Preferred Stock incurred or issued pursuant to this clause (12)(b) and all outstanding Indebtedness under clause (13) incurred to refinance Indebtedness initially incurred in reliance on this clause (12)(b), does not exceed, at the time of such incurrence or issuance, the greater of (x) $122.5 million and (y) 50% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (12) shall cease to be deemed incurred or outstanding for purposes of this clause (12) but shall be deemed incurred pursuant to the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred or issued such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (12));

(13) the incurrence or issuance by the Issuer or any of its Restricted Subsidiaries of Indebtedness, Disqualified Stock or Preferred Stock which serves to refund, refinance, replace, renew, extend or defease (collectively, "*refinance*" with "*refinances*," "*refinanced*" and "*refinancing*" having a correlative meaning) any Indebtedness, Disqualified Stock or Preferred Stock incurred or issued as permitted under the first paragraph of this covenant and clauses (2), (3), (4), (5)(b) and (12) above, this clause (13) and clauses (14), (19), (24) and (28) below or any Indebtedness, Disqualified Stock or Preferred Stock incurred or issued to so refinance such Indebtedness, Disqualified Stock or Preferred Stock including additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay accrued but unpaid interest, accrued but unpaid dividends on Disqualified Stock or Preferred Stock, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including upfront fees, original issue discount or similar fees) in connection with such refinancing (the "*Refinancing Indebtedness*") on or prior to its respective maturity; *provided*, *however*, that such Refinancing Indebtedness:

(a) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refinanced (or requires no or nominal payments in cash (other than interest payments) prior to the date that is 91 days after the maturity date of the Notes),

(b) to the extent such Refinancing Indebtedness refinances (i) Indebtedness subordinated in right of payment to the Notes or any Note Guarantee thereof, such Refinancing Indebtedness is subordinated in right of payment to the Notes or such Note Guarantee at least to the same extent as the Indebtedness being refinanced or (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively, and

(c) shall not include:

(i) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer;

(ii) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of a Guarantor; or

(iii) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary;

*provided further* that (I) subclause (a) of this clause (13) will not apply to any refinancing of any Secured Indebtedness and (II) Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness;

(14) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Issuer or a Restricted Subsidiary incurred or issued to finance an acquisition or Investment or (y) Persons that are acquired by the Issuer or a Restricted Subsidiary or merged into, amalgamated with or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture (including designating an Unrestricted Subsidiary as a Restricted Subsidiary); *provided* that, after giving *pro forma* effect to such Investment, acquisition, merger, amalgamation or consolidation, either:

(a) (i) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant or (ii) the Fixed Charge Coverage Ratio of the Issuer for the Applicable Measurement Period is equal to or greater than immediately prior to such Investment, acquisition, merger, amalgamation or consolidation;

(b) (i) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Total Debt Ratio test set forth in the first paragraph of this covenant or (ii) the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period is equal to or less than immediately prior to such Investment, acquisition, merger, amalgamation or consolidation; or

(c) (i) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Secured Debt Ratio test set forth in the first paragraph of this covenant or (ii) the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period is equal to or less than immediately prior to such Investment, acquisition, merger, amalgamation or consolidation; *provided*, all Indebtedness incurred under this clause (c) shall be deemed to be Consolidated Secured Debt;

*provided*, *however*, that on a *pro forma* basis, the Indebtedness, Disqualified Stock or Preferred Stock incurred or issued by Restricted Subsidiaries that are not Guarantors pursuant to clause (14)(x), together with amounts incurred and outstanding pursuant to the second proviso to the first paragraph of this covenant by Restricted Subsidiaries that are not Guarantors and all outstanding amounts of Indebtedness under clause (13) incurred to refinance Indebtedness initially incurred in reliance on either clause (14)(x) or pursuant to such second proviso, shall not exceed, at the time of such incurrence or issuance, the greater of (A) $98.0 million and (B) 40% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period;

(15) (a) Cash Management Obligations and (b) Indebtedness in respect of netting services, automatic clearing house arrangements, employees' credit or purchase cards, overdraft protections and similar arrangements and other Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds (including Indebtedness owed on a short term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business or consistent with past practice of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries);

(16) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit, bank guarantee or other instrument issued pursuant to any Credit Facility permitted to be incurred under this covenant, in a principal amount not in excess of the face amount of such letter of credit, bank guarantee or such other instrument;

(17) (a) any guarantee by the Issuer or any Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by the Issuer or such Restricted Subsidiary is permitted under the terms of the Indenture, or

(b) any co-issuance by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary permitted under the terms of the Indenture;

(18) [reserved];

(19) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any of its Restricted Subsidiaries incurred or issued to finance or assumed in connection with an acquisition or Investment in an aggregate principal amount, together with all other outstanding Indebtedness, Disqualified Stock or Preferred Stock issued under this clause (19) and any outstanding Indebtedness under clause (13) incurred to refinance Indebtedness initially incurred in reliance on this clause (19), not to exceed, at the time of incurrence of such Indebtedness or issuance of Disqualified Stock or Preferred Stock, the greater of (x) $122.5 million and (y) 50% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (19) shall cease to be deemed incurred or outstanding for purposes of this clause (19) but shall be deemed incurred pursuant to the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred such Indebtedness or issued such Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (19));

(20) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (a) the financing of insurance premiums or (b) take-or-pay obligations contained in supply arrangements, in each case, incurred in the ordinary course of business or consistent with past practice;

(21) Indebtedness consisting of Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to future, current or former officers, directors, employees, managers or consultants thereof (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any Restricted Subsidiary or any Parent Entity, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any Parent Entity to the extent described in clauses (4) and (22) of the second paragraph under the caption "— Limitation on Restricted Payments;"

(22) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries to the extent that the net proceeds thereof are promptly deposited with the Trustee to satisfy and discharge the Notes as described under "— Satisfaction and Discharge" or exercise the Issuer's legal defeasance or covenant defeasance option as described under "— Legal Defeasance and Covenant Defeasance," in each case, in accordance with the Indenture;

(23) Indebtedness in the form of Financing Lease Obligations arising out of any Sale and Lease-Back Transactions;

(24) Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary in an aggregate principal amount, which, when aggregated with the principal amount of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (24) and any outstanding Indebtedness under clause (13) incurred to refinance Indebtedness initially incurred in reliance on this clause (24), not to exceed, at the time of incurrence of such Indebtedness or issuance of Disqualified Stock or Preferred Stock, the Available RP Capacity Amount (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (24) shall cease to be deemed incurred or outstanding for purposes of this clause (24) but shall be deemed incurred pursuant to the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred or issued such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (24)); *provided*, *however*, that any amount incurred under this clause (24) may be subsequently reborrowed without reducing the Available RP Capacity Amount;

(25) Indebtedness attributable to (but not incurred to finance) the exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, in each case with respect to any acquisition (by merger, consolidation or amalgamation or otherwise) permitted under the Indenture;

(26) Indebtedness representing deferred compensation to employees, directors, consultants, contract providers, independent contractors and other service providers of any Parent Entity, the Issuer or any Restricted Subsidiary incurred in the ordinary course of business or consistent with past practice;

(27) Indebtedness consisting of obligations under deferred compensation or any other similar arrangements incurred in connection with any Investment or any acquisition (by merger, consolidation or amalgamation or otherwise) permitted under the Indenture;

(28) Indebtedness of (i) any Restricted Subsidiary that is not a Guarantor and (ii) the Issuer or any Restricted Subsidiary in connection with any joint venture arrangements and similar binding arrangements; *provided* that the aggregate principal amount of Indebtedness outstanding in reliance on this clause (28) shall not exceed, at the time of incurrence thereof and together with any other outstanding Indebtedness incurred under this clause (28) and any outstanding Indebtedness under clause (13) incurred to refinance Indebtedness initially incurred in reliance on this clause (28), the greater of (x) $61.0 million and (y) 25% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (28) shall cease to be deemed incurred or outstanding for purposes of this clause (28) but shall be deemed incurred pursuant to the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred or issued such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (28); provided that the amount of Indebtedness deemed to be incurred pursuant to the first paragraph of this covenant shall not exceed the amount of Indebtedness that could be incurred by Restricted Subsidiaries that are not Guarantors pursuant to the first paragraph of this covenant);

(29) to the extent constituting Indebtedness, (i) customer deposits and advance payments (including progress premiums) received in the ordinary course of business from customers or (ii) obligations to pay, in each case, for goods and services purchased in the ordinary course of business or consistent with past practice;

(30) unfunded pension fund and other employee benefits plan obligations and liabilities incurred in the ordinary course of business or consistent with past practice;

(31) guarantee obligations of the Issuer or any of its Restricted Subsidiaries in connection with the provision of credit card payment processing services;

(32) unsecured Indebtedness incurred or assumed in connection with an acquisition or similar Investment; *provided*, that (i) the aggregate outstanding principal amount of such Indebtedness shall not exceed the greater of (x) $37.0 million and (y) 15% of Consolidated EBITDA and (ii) in the case that such Indebtedness is incurred, such Indebtedness is owed to the seller (or an affiliate thereof) in such acquisition or similar Investment;

(33) Indebtedness in connection with the purchase of additional Equity Interests in Subsidiaries, joint ventures or Minority Interests in an aggregate principal amount at any time outstanding not to exceed the greater of (x) $61.0 million and (y) 25% of Consolidated EBITDA; and

(34) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (33) above.

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (34) of the preceding paragraph or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole

discretion, may divide, classify or reclassify all or a portion of such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in any manner that complies with this covenant and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock (or portion thereof) in one of the above clauses or under the first paragraph; *provided* that all Indebtedness outstanding under the Senior Credit Facilities on the Issue Date will be treated as incurred on the Issue Date under clause (1) of the preceding paragraph and not reclassified;

(2) at the time of incurrence, the Issuer will be entitled to divide and classify an item of Indebtedness, Disqualified Stock or Preferred Stock in more than one of the types of Indebtedness, Disqualified Stock or Preferred Stock described in the first and second paragraphs of this covenant; and

(3) the principal amount of Indebtedness or the liquidation preference of Disqualified Stock or Preferred Stock outstanding under any clause of this covenant shall be determined after giving effect to the application of proceeds of any such Indebtedness, Disqualified Stock or Preferred Stock to refinance any such other Indebtedness, Disqualified Stock or Preferred Stock.

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Indebtedness, Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant. If Indebtedness originally incurred in reliance upon a percentage of Consolidated EBITDA or the Consolidated Secured Debt Ratio under clause (1) of the second paragraph of this covenant is being refinanced under such clause (1) and such refinancing would cause the maximum amount of Indebtedness thereunder to be exceeded at such time, then such refinancing will nevertheless be permitted thereunder and such additional Indebtedness will be deemed to have been incurred, and permitted to be incurred, under such clause (1) so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of Indebtedness being refinanced plus amounts permitted by the next sentence. Any Indebtedness Disqualified Stock or Preferred Stock incurred to refinance Indebtedness Disqualified Stock or Preferred Stock incurred pursuant to clauses (1) and (12)(b) of the second paragraph of this covenant shall be permitted to include additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay accrued but unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including upfront fees, original issue discount or similar fees) incurred in connection with such refinancing.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, Disqualified Stock or Preferred Stock, the U.S. dollar-equivalent principal amount of Indebtedness or liquidation preference of Disqualified Stock or Preferred Stock denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness, Disqualified Stock or Preferred Stock was deemed to be incurred (or, in the case of revolving credit debt, first committed) for purposes of this covenant; *provided* that if such Indebtedness, Disqualified Stock or Preferred Stock is incurred to refinance other Indebtedness, Disqualified Stock or Preferred Stock denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness or the liquidation preference of such Disqualified Stock or Preferred Stock does not exceed the principal amount of such Indebtedness or the liquidation preference of such Disqualified Stock or such Preferred Stock being refinanced *plus* the aggregate amount of accrued but unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including upfront fees, original issue discount or similar fees) incurred in connection with such refinancing.

The principal amount of any Indebtedness or the liquidation preference of any Disqualified Stock or Preferred Stock incurred to refinance other Indebtedness, Disqualified Stock or Preferred Stock, if incurred in a different currency from the Indebtedness, Disqualified Stock or Preferred Stock being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness, Disqualified Stock or Preferred Stock is denominated that is in effect on the date of such refinancing.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because such Indebtedness is unsecured or (2) Indebtedness as subordinated or junior to any other Indebtedness solely because such Indebtedness has a junior priority with respect to shared collateral or because it is guaranteed by other obligors.

***Limitation on Liens***

The Issuer will not, and will not permit any Guarantor to, directly or indirectly, create, incur or assume any Lien (except Permitted Liens) (each, a "*Subject Lien*") that secures Obligations under any Indebtedness on any asset or property of the Issuer or any Guarantor, unless the Notes (or the related Note Guarantee in the case of Liens on assets or property of a Guarantor) are equally and ratably secured with (or, at the Issuer's option or if such Subject Lien secures Subordinated Indebtedness, on a senior basis to) the Obligations secured by such Subject Lien.

Any Lien created for the benefit of the Holders pursuant to the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Subject Lien that gave rise to the obligation to secure the Notes. In addition, in the event that a Subject Lien is or becomes a Permitted Lien, the Issuer may, at its option and without consent from any Holder, elect to release and discharge any Lien created for the benefit of the Holders pursuant to the preceding paragraph in respect of such Subject Lien.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

***Merger, Consolidation, Amalgamation or Sale of All or Substantially All Assets***

The Issuer will not merge, consolidate or amalgamate with or into or wind up into, consummate a Division as the Dividing Person (whether or not the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, taken as a whole, in one or more related transactions, to any Person unless:

(a) the Issuer is the surviving Person or the Person formed by or surviving any such merger, consolidation, amalgamation, winding up or Division (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability company, trust or other entity organized or existing under the laws of the United States, any state thereof or the District of Columbia (the Issuer or such Person, as the case may be, being herein called the "*Successor Company*"); *provided* that in the case where the Successor Company of the Issuer is not a corporation, a co-issuer of the Notes is a corporation;

(b) the Successor Company (if other than the Issuer) expressly assumes all of the obligations of the Issuer under the Indenture and the Notes, in each case, pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(c) immediately after such transaction, no Event of Default exists;

(d) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the Applicable Measurement Period,

(1) the Successor Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to either (x) the Fixed Charge Coverage Ratio test or (y) the Consolidated Total Debt Ratio test, in each case, set forth in the first paragraph of the covenant described under "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," or

(2) either (x) the Fixed Charge Coverage Ratio or (y) the Consolidated Total Debt Ratio, in each case, for the Applicable Measurement Period immediately after such transaction would be equal to or greater than the Fixed Charge Coverage Ratio or equal to or less than the Consolidated Total Debt Ratio, as applicable, of the Issuer for the Applicable Measurement Period immediately prior to such transaction; and

(e) the Successor Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such merger, consolidation, amalgamation, winding up, Division, sale, assignment, transfer, lease, conveyance or disposition and such supplemental indentures or other documents or instruments, if any, comply with the Indenture.

The Successor Company will succeed to and be substituted for the Issuer under the Indenture and the Notes, and the Issuer will automatically be released and discharged from its obligations under the Indenture and the Notes. Notwithstanding the foregoing clauses (c) and (d),

(a) any Restricted Subsidiary may merge, consolidate or amalgamate with or into, wind up into or consummate a Division as the Dividing Person or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to the Issuer or any Restricted Subsidiary, and

(b) the Issuer may merge, consolidate or amalgamate with or into or wind up into an Affiliate of the Issuer or consummate a Division as the Dividing Person solely for the purpose of reincorporating the Issuer in the United States, any state thereof or the District of Columbia.

Subject to the provisions described in the Indenture governing release of a Note Guarantee, no Guarantor will, and the Issuer will not permit a Guarantor to, merge, consolidate or amalgamate with or into or wind up into, consummate a Division as the Dividing Person (whether or not the Issuer or a Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) such Guarantor is the surviving Person or the Person formed by or surviving any such merger, consolidation, amalgamation, winding up or Division (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability company, trust or other entity organized or existing under the laws of the jurisdiction of organization of such Guarantor or the laws of the United States, any state thereof or the District of Columbia (such Guarantor or such Person, as the case may be, being herein called the "*Successor Guarantor*"); and

(b) the Successor Guarantor, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Indenture and such Guarantor's related Note Guarantee pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee; or

(2) the transaction is not prohibited by the covenant described under "— Repurchase at the Option of Holders — Asset Sales."

The Successor Guarantor will succeed to, and be substituted for, such Guarantor under the Indenture and such Guarantor's Note Guarantee and such Guarantor will automatically be released and discharged from its obligations under the Indenture and such Guarantor's Note Guarantee. Notwithstanding the foregoing, any Guarantor may (i) merge, consolidate or amalgamate with or into, wind up into or consummate a Division as the Dividing Person or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties or assets to another Guarantor or the Issuer, (ii) merge, consolidate or amalgamate with or into an Affiliate of the Issuer solely for the purpose of reincorporating or reorganizing such Guarantor in the United States, any state thereof or the District of Columbia, (iii) convert into a corporation, partnership, limited partnership, limited liability company, trust or other entity organized or existing under the laws of the jurisdiction of organization of such Guarantor or a jurisdiction in the United States; (iv) sell, assign, transfer, lease, convey or otherwise dispose all or substantially all of its assets comprising Equity Interests of Subsidiaries that are not Guarantors to the Issuer or one or more Restricted Subsidiaries or (v) liquidate or dissolve or change its legal form if the Board or the senior management of the Issuer (or any Parent Entity of the Issuer) determines in good faith that such action is in the best interests of the Issuer and is not materially disadvantageous to the Holders, in each case, without regard to the requirements set forth in the preceding paragraph.

***Transactions with Affiliates***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of the greater of (x) $24.5 million and (y) 10% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period, unless (1) such Affiliate Transaction is on terms, taken as a whole, that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis or, if in the good faith judgment of the Issuer, no comparable transaction is available with which to compare such Affiliate Transaction, such Affiliate Transaction is otherwise fair to the Issuer or such Restricted Subsidiary from a financial point of view and when such transaction is taken in its entirety and (2) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of the greater of (x) $49.0 million and (y) 20% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period, an Officer's Certificate certifying that such Affiliate Transaction complies with the foregoing clause (1).

The foregoing provisions will not apply to the following:

(1) (a) transactions between or among the Issuer and a Restricted Subsidiary or between or among Restricted Subsidiaries or, in any case, any entity that becomes a Restricted Subsidiary as a result of such transaction and (b) any merger, consolidation or amalgamation of the Issuer with or into any Parent Entity; *provided* that such Parent Entity shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer or another Parent Entity and such merger, consolidation or amalgamation is otherwise consummated in compliance with the terms of the Indenture and effected for a *bona fide* business purpose;

(2) Restricted Payments permitted by the provisions of the Indenture described above under the covenant "— Limitation on Restricted Payments" (other than pursuant to clauses (11) or (13)(f) of the second paragraph of such covenant) and the definition of "Permitted Investments;"

(3) (a) the payment of management, consulting, monitoring, transaction, advisory and other fees, indemnities and related expenses (plus any unpaid management, consulting, monitoring, transaction, advisory and other fees, indemnities and expenses accrued in any prior year) and any termination fees (including any such cash lump sum or present value fee upon the consummation of a corporate event, including an initial public offering) to the Investors pursuant to any management agreement (or any amendment thereto or replacement thereof) or otherwise and (b) the payment of indemnification and other similar amounts to the Investors and reimbursement of expenses of the Investors, in each case, approved by, or pursuant to arrangements approved by the Board of the Issuer (or any Parent Entity of the Issuer);

(4) the payment of reasonable and customary fees and compensation (including stock or deferred compensation) paid to, and indemnities and reimbursements and employment and severance arrangements provided to or on behalf of, or for the benefit of, former, current or future officers, directors, employees, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any Restricted Subsidiary or any Parent Entity;

(5) transactions in which (x) the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable, when taken as a whole, to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's length basis or (y) the terms of such Affiliate Transaction have been approved by a majority of the Disinterested Directors of the Issuer or any Parent Entity thereof;

(6) any agreement or arrangement as in effect or contemplated in the good faith determination of the Issuer as of the Issue Date (other than any agreement or arrangement of the type described in clause (3)above), or any amendment thereto (so long as any such amendment is not materially disadvantageous in the good faith judgment of the Board or the senior management of the Issuer (or any Parent Entity of the Issuer) to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date);

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement or the equivalent (including any registration rights agreement or purchase agreement related thereto) to which it (or any Parent Entity) is a party as of the Issue Date or entered into in connection with any similar agreements which it (or any Parent Entity) may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries (or such Parent Entity) of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement are not otherwise materially disadvantageous in the good faith judgment of the Board or the senior management of the Issuer (or any Parent Entity of the Issuer) to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date;

(8) to the extent not prohibited by clause (13)(b) of the covenant "— Limitation on Restricted Payments," payments by the Issuer and any Parent Entity and their respective Subsidiaries pursuant to tax sharing agreements among the Issuer and any Parent Entity and their respective Subsidiaries on customary terms; *provided* that, except in connection with the Issuer's adoption of ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), such payments shall not exceed the excess (if any) of the amount of taxes that the Issuer and its Subsidiaries would have paid on a stand-alone basis over the amount of such taxes actually paid by the Issuer and its Subsidiaries directly to governmental authorities;

(9) the Transactions and the payment of all premia, fees and expenses related to the Transactions;

(10) transactions with customers, clients, suppliers, contractors, joint venture partners, Minority Interests or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business or that are consistent with past practice and otherwise in compliance with the terms of the Indenture which are fair to the Issuer and its Restricted Subsidiaries, in the reasonable determination of the Board or the senior management of the Issuer (or any Parent Entity of the Issuer), or are on terms, taken as a whole, that are not materially less favorable as might reasonably have been obtained at such time from an unaffiliated party;

(11) the issuance or transfer of (a) Equity Interests (other than Disqualified Stock) of the Issuer and the granting and performing of customary registration rights to any Parent Entity or to any Permitted Holder or to any former, current or future director, officer, manager, employee or consultant (or their respective Controlled Investments Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer or any of its Subsidiaries or any Parent Entity and (b) directors' qualifying shares and shares issued to foreign nationals as required by applicable law;

(12) transactions in connection with Permitted Receivables Financings;

(13) payments by the Issuer or any of its Restricted Subsidiaries made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures which payments are approved by the Board or the senior management of the Issuer (or any Parent Entity of the Issuer) in good faith;

(14) payments, loans, advances or guarantees (or cancellation of loans, advances or guarantees) to future, current or former employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity and employment agreements, stock option plans and other compensatory or severance arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or similar arrangements with any such employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) (including salary or guaranteed payments and bonuses) which, in each case, are approved by the Board or the senior management of the Issuer (or any Parent Entity of the Issuer) in good faith;

(15) (A) investments by Permitted Holders in securities or loans of the Issuer or any of its Restricted Subsidiaries (and any payment of out-of-pocket expenses incurred by such Permitted Holders in connection therewith) so long as the investment is being offered generally to other investors on the same or more favorable terms, and (B) payments to Permitted Holders in respect of securities or loans of the Issuer or any of its Restricted Subsidiaries contemplated in the foregoing subclause (A) or that were acquired from Persons other than the Issuer and its Restricted Subsidiaries, in each case, in accordance with the terms of such securities or loans;

(16) transactions with a Person that is an Affiliate of the Issuer arising solely because the Issuer or any Restricted Subsidiary owns any Equity Interest in, or controls, such Person;

(17) any lease entered into between the Issuer or any Restricted Subsidiary, on the one hand, and any Affiliate of the Issuer, on the other hand, which is approved by the Board or the senior management of the Issuer (or any Parent Entity of the Issuer) in good faith;

(18) intellectual property licenses entered into in the ordinary course of business or consistent with past practice;

(19) transactions between the Issuer or any Restricted Subsidiary and any other Person that would constitute an Affiliate Transaction solely because a director of such other Person is also a director of the Issuer or any Parent Entity; *provided*, *however*, that such director abstains from voting as a director of the Issuer or such Parent Entity, as the case may be, on any matter including such other Person;

(20) pledges of Equity Interests of Unrestricted Subsidiaries;

(21) payments to and from, and transactions with, any joint ventures entered into in the ordinary course of business or consistent with past practice (including, without limitation, any cash management activities related thereto);

(22) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary; provided that such transaction was not entered into in anticipation of such Unrestricted Subsidiary becoming or being redesignated as a Restricted Subsidiary;

(23) any Permitted Minority Interest Transactions and any associated financing thereof; and

(24) transactions undertaken in good faith (as certified by a responsible financial or accounting officer of the Issuer in an Officer's Certificate) for the purposes of improving the consolidated tax efficiency of the Issuer and its Subsidiaries and not for the purpose of circumventing any covenant set forth in the Indenture.

***Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary that is not a Guarantor to:

(1) (i) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries that is a Guarantor on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or (ii) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries that is a Guarantor;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries that is a Guarantor; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries that is a Guarantor, except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Credit Facilities and, in each case, related documentation and related Hedging Obligations;

(b) the Indenture, the Notes and the Note Guarantees;

(c) Purchase Money Obligations for property acquired in the ordinary course of business and Financing Lease Obligations that impose restrictions of the nature discussed in clause (3) above on the property so acquired;

(d) applicable law or any applicable rule, regulation or order;

(e) any agreement or other instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, which Person is acquired by or merged, consolidated or amalgamated with or into the Issuer or any Restricted Subsidiary, or any other transaction entered into in connection with any such acquisition, merger, consolidation or amalgamation, in existence at the time of such acquisition or at the time it merges, consolidates or amalgamates with or into the Issuer or any Restricted Subsidiary or assumed in connection with the acquisition of assets from such Person (but, in each case, not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired;

(f) contracts, including sale-leaseback agreements, for the sale or disposition of assets, including customary restrictions with respect to a Subsidiary of the Issuer pursuant to an agreement that has been entered into for the sale or disposition of Capital Stock or assets of such Subsidiary;

(g) Secured Indebtedness permitted to be incurred pursuant to the covenants described under "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "— Limitation on Liens" that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(h) restrictions on cash, Cash Equivalents or other deposits under contracts or customary net worth provisions contained in real property leases, in each case, entered into in the ordinary course of business or consistent with past practice and restrictions on cash, Cash Equivalents or other deposits permitted under the covenant "— Limitation on Liens" or arising in connection with any Permitted Liens;

(i) other Indebtedness, Disqualified Stock or Preferred Stock of Restricted Subsidiaries that are not Guarantors that is permitted to be incurred or issued subsequent to the Issue Date pursuant to the provisions of the covenant described under "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(j) customary provisions in joint venture agreements or agreements governing Minority Interests or arrangements and other similar agreements or arrangements relating to such joint venture or Minority Interest;

(k) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary;

(l) any encumbrance or restriction with respect to a Subsidiary which was previously an Unrestricted Subsidiary which encumbrance or restriction exists pursuant to or by reason of an agreement that such Subsidiary is a party to or entered into before the date on which such Subsidiary became or is redesignated as a Restricted Subsidiary; *provided* that such agreement was not entered into in anticipation of an Unrestricted Subsidiary becoming or being redesignated as a Restricted Subsidiary and any such encumbrance or restriction does not extend to any assets or property of the Issuer or any other Restricted Subsidiary other than the assets and property of such Subsidiary and its Subsidiaries;

(m) other Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred

Stock;" *provided* that, (A) in the good faith judgment of the Issuer, such incurrence will not materially impair the Issuer's ability to make payments under the Notes when due, (B) the encumbrances and restrictions in such Indebtedness, Disqualified Stock or Preferred Stock apply only during the continuance of a default in respect of a payment or financial maintenance covenant relating to such Indebtedness or (C) the encumbrances and restrictions in such Indebtedness, Disqualified Stock or Preferred Stock either are not materially more restrictive taken as a whole than those contained in the Senior Credit Facilities or the Notes as in effect on the Issue Date or generally represent market terms at the time of incurrence or issuance and are imposed solely on such Restricted Subsidiary and its Subsidiaries;

(n) restrictions contained in any documentation relating to any Permitted Receivables Financing that, in the good faith judgment of the Issuer, are necessary or advisable to effect such Permitted Receivables Financing;

(o) customary provisions in leases, subleases, licenses, sublicenses and other contracts restricting the assignment or other transfer thereof (or the assets subject thereto), including with respect to intellectual property; and

(p) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (o) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, not materially more restrictive with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans and advances made to the Issuer or a Restricted Subsidiary to other Indebtedness incurred by the Issuer or such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

***Reports and Other Information***

The Indenture will provide that so long as any Notes are outstanding, the Issuer will furnish to the Holders:

(1) (x) all annual and quarterly financial statements substantially in forms that would be required to be contained in a filing with the SEC on Forms 10-K and 10-Q of the Issuer, if the Issuer were required to file such forms, plus a "Management's Discussion and Analysis of Financial Condition and Results of Operations", (y) with respect to the annual and quarterly information, a presentation of EBITDA and Acquisition Adjusted EBITDA of the Issuer substantially consistent with the presentation thereof in this Offering Memorandum and derived from such financial information, and (z) with respect to the annual financial statements only, a report on the annual financial statements by the Issuer's independent accountants; it being understood that the Issuer shall not be required to include, except as otherwise provided in this paragraph, any other adjustment that would be required by any SEC rule, regulation or interpretation, including but not limited to any "push down" accounting adjustment; *provided* that any comparison to a prior period will be a comparison between the entity or entities, as applicable, that issued the financial statements at the applicable time; and

(2) within 15 Business Days after the occurrence of an event required to be therein reported, such other information containing substantially the same information that would be required to be contained in filings with the SEC on Form 8-K under Items 1.03, 2.01 (only with respect to acquisitions or dispositions that are "significant" at the 20% or greater level pursuant to clauses (1) and (2) of the definition of "Significant Subsidiary" under Rule 1-02 of Regulation S-X only), 4.02 and 5.01 as in effect on the Issue Date if the Issuer were required to file such reports; *provided*, *however*, that no such report will be required to include as an exhibit, or to include a summary of the terms of, any employment or compensatory arrangement agreement, plan or understanding between the Issuer (or any of its Subsidiaries) and any director, manager or executive officer, of the Issuer (or any of its Subsidiaries);

*provided*, *however*, that (i) the Issuer shall not be required to furnish any information, certificates or reports required by Section 302, Section 404 or Section 906 of the Sarbanes-Oxley Act of 2002, or related Items 307, 308 or 308T of Regulation S-K, (ii) in no event shall such information and reports be required to comply with Rule 3-10 of Regulation S-X promulgated by the SEC (or such other rule or regulation that amends, supplements or replaces such Rule 3-10, including for the avoidance of doubt, Rules 13-01 or 13-02 of Regulation S-X promulgated by the SEC) or contain any financial statements of unconsolidated Subsidiaries or 50% or less owned Persons under Rule 3-09 of Regulation S-X (or such other rule or regulation that amends, supplements or replaces such Rule 3-09) or any schedules required by Regulation S-X or contain separate financial statements for the Issuer, the Guarantors or other Affiliates the shares of which are pledged to secure the Notes or any Guarantee that would be required under Rule 3-10 of Regulation S-X or Rule 3-16 of Regulation S-X promulgated by the SEC (or such other rule or regulation that amends, supplements or replaces such Rule 3-10 or Rule 3-16, including for the avoidance of doubt, Rules 13-01 and 13-02 of Regulation S-X promulgated by the SEC), (iii) in no event shall such information and reports be required to comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-GAAP financial measures contained therein, (iv) in no event shall such information and reports be required to include any information that is not otherwise similar to information currently included in this Offering Memorandum, other than information specifically required under clause (2) above and in accordance with this proviso, or to contain any "segment reporting" or any earnings per share information, (v) no such information and reports referenced under clause (2) above shall be required to be furnished if the Issuer determines in its good faith judgment that such event is not material to the Holders or the business, assets, operations or financial position of Issuer and its Restricted Subsidiaries, taken as a whole, (vi) trade secrets and other information that would cause competitive harm to the Issuer and its Restricted Subsidiaries may be excluded from disclosures and (vii) in no event shall any such reports be required to include any exhibits required by Item 15 of Form 10-K, Item 6 of Form 10-Q or Item 9.01 of Form 8-K.

All such annual information and reports shall be furnished within 120 days after the end of the fiscal year to which they relate, and all such quarterly information shall be furnished within 45 days after the end of the first three fiscal quarters of the fiscal year to which they relate.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and if any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either (i) on the face of the financial statements or in the footnotes thereto, (ii) in "Management's Discussion and Analysis of Financial Condition and Results of Operations" or (iii) in any other comparable section, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

The Issuer will make available such information and such reports (as well as the details regarding the conference call described below) to the Trustee under the Indenture, to any Holder of the Notes and, upon request, to any beneficial owner of the Notes, in each case by posting such information on its website, on Intralinks or any comparable password-protected online data system which will require a confidentiality acknowledgment, and will make such information readily available to any Holder of the Notes, any bona fide prospective investor in the Notes, any securities analyst (to the extent providing analysis of investment in the Notes) or any market maker in the Notes, in each case, who agrees to treat such information as confidential or accesses such information on Intralinks or any comparable password-protected online data system which will require a confidentiality acknowledgment; *provided* that the Issuer shall post such information thereon and make readily available any password or other login information to any such Holder of the Notes, bona fide prospective investor, securities analyst or market maker; *provided*, *further*, that the Issuer may deny access to any competitively-sensitive information otherwise to be provided pursuant to this paragraph to any such Holder, bona fide prospective investor, security analyst or market maker that is a competitor of the Issuer and its Subsidiaries to the extent that the Issuer determines in good faith that the provision of such information to such Person would be competitively harmful to the Issuer and its Subsidiaries; and *provided*, *further*, that such Holders, bona fide prospective investors, security analysts or market makers shall agree to (i) treat all such reports (and the information contained therein) and information as confidential, (ii) not use such reports and the information contained therein for any purpose other than their investment or potential investment in the Notes and (iii) not publicly disclose any such reports (and the information contained therein).

So long as any Notes are outstanding, the Issuer will also:

(1) no later than 10 Business days after:

(i) furnishing to the Holders the annual and quarterly information and reports required by the first paragraph of this "Reports and Other Information" covenant or

(ii) furnishing to the Holders, at the option and in the sole discretion of the Issuer (who shall not be obligated to so furnish), summary condensed consolidated annual or quarterly income statement and balance sheet, as applicable, without notes thereto, and a summary discussion of the results of operations for the relevant reporting period,

hold a conference call to discuss such information and reports or summary information and the results of operations for the relevant reporting period (which conference call, for the avoidance of doubt, may be held prior to such time that the annual or quarterly information and reports required by the first paragraph of this "Reports and Other Information" covenant are furnished to Holders); and

(2) post to the website of the Issuer (or any Parent Entity) or on a non-public, password-protected website maintained by the Issuer (or any Parent Entity) or a third-party prior to the date of the conference call required to be held in accordance with clause (1) of this paragraph, or email to the Holders the time and date of such conference call and either including all information necessary to access the call or informing Holders, bona fide prospective investors, market makers and securities analysts how they can obtain such information,

it being understood that the Issuer may combine conference calls relating to an annual report for a particular year and the quarterly report for the first fiscal quarter of the subsequent year.

In addition, the Issuer shall furnish to prospective investors, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act.

Notwithstanding any other provision of the Indenture, the sole remedy for an Event of Default relating to the failure to comply with the reporting obligations described under this covenant, will for the 365 days after the occurrence of such Event of Default consist exclusively, to the extent permitted by applicable law, of the right to receive additional interest on the principal amount of the Notes at a rate equal to 0.50% per annum. This additional interest will be payable in the same manner and subject to the same terms as other interest payable under the Indenture. This additional interest will accrue on all outstanding Notes from and including the date on which an Event of Default relating to a failure to comply with the reporting obligations described above this covenant first occurs to, but excluding the 365th day thereafter (or such earlier date on which the Event of Default relating to such reporting obligations is cured or waived). If the Event of Default resulting from such failure to comply with the reporting obligations is continuing on such 365th day, such additional interest will cease to accrue and the Notes will be subject to the other remedies provided under the heading "— Events of Default and Remedies."

Any Parent Entity may satisfy the obligations of the Issuer set forth in this "Reports and Other Information" covenant by providing the requisite financial and other information of such Parent Entity instead of the Issuer; *provided* that to the extent such Parent Entity holds assets (other than its direct or indirect interest in the Issuer) that exceeds the lesser of (i) 5% of the Total Assets of such Parent Entity and (ii) 5% of the total revenue for the preceding fiscal year of such Parent Entity, then such information related to such Parent Entity shall be accompanied by consolidating information, which may be posted to the website of the Issuer (or any Parent Entity) or on a non-public, password-protected website maintained by the Issuer (or any Parent Entity) or a third- party, that explains in reasonable detail the differences between the information of such Parent Entity, on the one hand, and the information relating to the Issuer and its Subsidiaries on a stand-alone basis, on the other hand. For the avoidance of doubt, the consolidating information referred to in the proviso in the preceding sentence need not be audited or reviewed by the auditors.

The Issuer will be deemed to have furnished the financial statements and other information referred to in the first paragraph of this covenant if the Issuer or any Parent Entity has filed reports containing such information (or any such information of a Parent Entity in accordance with the immediately preceding paragraph) with the SEC.

To the extent any information is not provided within the time periods specified in this section "Reports and Other Information" and such information is subsequently provided, the Issuer will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured. The Trustee shall have no duty to review or analyze any reports, information or documents furnished or made available to it and the Trustee's receipt of such reports, information or documents shall be for informational purposes only, and shall not constitute actual or constructive knowledge of the information contained therein or determinable therefrom, including the Issuer's compliance with any of its covenants (as to which the Trustee is entitled to conclusively rely on an Officer's Certificate). The Trustee shall have no liability or responsibility for the filing, timeliness or content of any reports, information or documents. The Trustee shall have no obligation to determine whether or not such reports, information or documents have been filed pursuant to the SEC's EDGAR filing system (or its successor) or postings to any website have occurred. The Trustee has no duty to participate in or monitor any conference calls.

***Additional Note Guarantees***

The Issuer will not permit any of its Domestic Subsidiaries that is a Restricted Subsidiary (other than the Guarantors and any Receivables Subsidiary) to guarantee the payment of any Indebtedness under (i) the Senior Credit Facilities, (ii) any Credit Facility permitted under clause (1) of the second paragraph under "— Limitation on Indebtedness and Issuance of Disqualified Stock and Preferred Stock" in an aggregate principal amount in excess of $50.0 million, or (iii) any other capital markets debt securities in an aggregate principal amount in excess of $50.0 million, unless such Subsidiary within 30 days executes and delivers a supplemental indenture to the Indenture providing for a Note Guarantee by such Subsidiary; *provided* that this covenant 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.

In addition to the foregoing, the Issuer may otherwise elect to have any Restricted Subsidiary of the Issuer become a Guarantor, in which case such Restricted Subsidiary shall not be required to comply with the 30 day-period described in the immediately preceding paragraph.

Each Note Guarantee shall be released in accordance with the provisions of the Indenture described under "— Note Guarantees."

**Events of Default and Remedies**

Each of the following events is an "*Event of Default*" with respect to the Notes under the Indenture:

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes;

(2) default for 30 days or more in the payment when due of interest on or with respect to the Notes;

(3) failure by the Issuer or any Restricted Subsidiary for 60 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in aggregate principal amount of the Notes then outstanding (with a copy to the Trustee) to comply with any of its obligations, covenants or agreements (other than a default referred to in clauses (1) or (2) above) contained in the Indenture or the Notes; *provided* that in the case of a failure to comply with the Indenture provisions described under "— Reports and Other Information," such period of continuance of such default or breach shall be 180 days after written notice described in this clause (3) has been given;

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries (other than Indebtedness owed to the Issuer or a Restricted Subsidiary or any Permitted Receivables Financing), whether such Indebtedness or guarantee now exists or is created after the issuance of the Notes, if both:

(a) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated final maturity; and

(b) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, is in the aggregate equal to the greater of (x) $49.0 million and (y) 20% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period or more at any one time outstanding;

(5) failure by the Issuer or any Restricted Subsidiary that is a Significant Subsidiary (or group of Restricted Subsidiaries that together (as determined as of the most recent consolidated financial statements of the Issuer for a fiscal quarter end provided as required under "Reports and Other Information") would constitute a Significant Subsidiary) to pay final non-appealable judgments aggregating in excess of the greater of (x) $49.0 million and (y) 20% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (to the extent not covered by

insurance as to which the insurer has been notified of such judgment or order and has not denied its obligation), which final non-appealable judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final and non-appealable, and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) certain events of bankruptcy, insolvency or reorganization involving the Issuer or any Restricted Subsidiary that is a Significant Subsidiary (or group of Restricted Subsidiaries that together (as determined as of the most recent consolidated financial statements of the Issuer for a fiscal quarter end provided as required under "Reports and Other Information") would constitute a Significant Subsidiary) (the "*bankruptcy provisions*"); or

(7) any Note Guarantee of any Guarantor that is a Significant Subsidiary (or group of Guarantors that together (as determined as of the most recent consolidated financial statements of the Issuer for a fiscal quarter end provided as required under "Reports and Other Information") would constitute a Significant Subsidiary) ceases to be in full force and effect (other than in accordance with the terms of such Note Guarantee) or any such Guarantor or such group of Guarantors denies or disaffirms its obligations under its Note Guarantee (other than by reason of the satisfaction in full of all obligations under the Indenture and discharge of the Indenture or the release of such Note Guarantee in accordance with the terms of the Indenture).

If any Event of Default (other than of a type specified in clause (6) above or the proviso in clause (3) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 30% in aggregate principal amount of the then total outstanding Notes may declare the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately. Upon the effectiveness of such declaration, such principal and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section, the principal of and interest on all outstanding Notes will become due and payable without further action or notice. If a Default occurs and is continuing and is actually known to the Trustee, the Trustee must send to each Holder notice of the Default within 90 days after it is known to the Trustee. The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it in good faith determines that withholding notice is in their interest. In addition, the Trustee shall have no obligation to accelerate the Notes if in the reasonable judgment of the Trustee acceleration is not in the best interest of the Holders. Any time period to cure any actual or alleged Default or Event of Default may be extended or stayed by a court of competent jurisdiction.

The Indenture will provide that the Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture with respect to the Notes (except a continuing Default or Event of Default in the payment of interest on, premium, if any, or the principal of any Note held by a non-consenting Holder) and rescind any acceleration and its consequences with respect to the Notes; *provided* such rescission would not conflict with any judgment of a court of competent jurisdiction.

In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

(1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged; or

(2) the requisite holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(3) the default that is the basis for such Event of Default has been cured.

Subject to the provisions of the Indenture relating to the duties of the Trustee thereunder, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless the Holders have offered to the Trustee indemnity or security reasonably satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Notes or the Indenture unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the total outstanding Notes have requested the Trustee in writing to pursue the remedy;

(3) Holders have offered and, if requested, provided to the Trustee indemnity or security reasonably satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in aggregate principal amount of the total then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

These limitations do not apply, however, to a suit instituted by a Holder of a Note for the enforcement of payment of the principal of, premium, if any, or interest on such note on or after the respective due date expressed in such Note.

Any notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action (a "*Noteholder Direction*") provided by any one or more Holders (each a "*Directing Holder*") must be accompanied by a written representation from each such Holder to the Issuer and the Trustee that such Holder is not (or, in the case such Holder is DTC or its nominee, that such Holder is being instructed solely by beneficial owners that are not) Net Short (a "*Position Representation*"), which representation, in the case of a Noteholder Direction relating to a notice of Default shall be deemed repeated at all times until the resulting Event of Default is cured or otherwise ceases to exist or the Notes are accelerated. In addition, each Directing Holder must, at the time of providing a Noteholder Direction, covenant to provide the Issuer with such other information as the Issuer may reasonably request from time to time in order to verify the accuracy of such Holder's Position Representation within five Business Days of request therefor (a "*Verification Covenant*"). In any case in which the Holder is DTC or its nominee, any Position Representation or Verification Covenant required hereunder shall be provided by the beneficial owner of the Notes in lieu of DTC or its nominee.

If, following the delivery of a Noteholder Direction, but prior to the acceleration of the Notes, the Issuer determines in good faith that there is a reasonable basis to believe that a Directing Holder was, at any relevant time, in breach of its Position Representation and provides to the Trustee an Officer's Certificate stating that the Issuer has initiated litigation in a court of competent jurisdiction seeking a determination that such Directing Holder was, at such time, in breach of its Position Representation, and seeking to invalidate any Event of Default that resulted from the applicable Noteholder Direction, the cure period with respect to such Default shall be automatically stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter. If, following the delivery of a Noteholder Direction, but prior to the acceleration of the Notes, the Issuer provides to the Trustee an Officer's Certificate that a Directing Holder failed to satisfy its Verification Covenant, the cure period with respect to such Default shall be automatically stayed and the cure period with respect to any Event of Default that resulted from the applicable Noteholder Direction shall be automatically reinstituted and any remedy stayed pending satisfaction of such Verification Covenant. Any breach of the Position Representation shall result in such Holder's participation in such Noteholder Direction being disregarded; and, if, without the participation of such Holder, the percentage of the Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction, such Noteholder Direction shall be void *ab initio*, with the effect that such Event of Default shall be deemed never to have occurred, acceleration voided and the Trustee shall be deemed not to have received such Noteholder Direction or any notice of such Default or Event of Default.

Notwithstanding anything in the preceding two paragraphs to the contrary, any Noteholder Direction delivered to the Trustee during the pendency of an Event of Default as the result of a bankruptcy or similar proceeding shall not require compliance with the foregoing paragraph.

For the avoidance of doubt, the Trustee shall be entitled to conclusively rely on any Noteholder Direction delivered to it in accordance with the Indenture, shall have no duty to inquire as to or investigate the accuracy of any Position Representation, enforce compliance with any Verification Covenant, verify any statements in any Officer's Certificate delivered to it, or otherwise make calculations, investigations or determinations with respect to Derivative Instruments, Net Shorts, Long Derivative Instruments, Short Derivative Instruments or otherwise. The Trustee shall have no liability to the Issuer, any Holder or any other Person in acting in good faith on a Noteholder Direction. In no event will the Trustee have any liability or obligation to ascertain, monitor or inquire as to whether any holder is Net Short and/or whether such Net Short holder has delivered any related certifications under the Indenture or in connection with the Notes or if any such certifications comply with the Indenture, the Note, or any other document. It is understood and agreed that we and the Trustee will be entitled to rely on each representation, deemed representation and certification made by, and covenant of, each beneficial owner provided for in this paragraph and the foregoing three paragraphs. Notwithstanding any other provision of the Indenture, the Notes or any other document, the provisions of this paragraph and the foregoing three paragraphs will apply and survive with respect to each beneficial owner notwithstanding that any such person may have ceased to be a beneficial owner, the Indenture may have been terminated, the Notes may have been redeemed in full, or the Trustee may have resigned or been removed.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. For the avoidance of doubt, the Trustee shall not be required to risk, advance or expend its own funds or otherwise incur any financial liability in performing its duties or in the exercise of any rights or powers, or be liable for any special, indirect, punitive or consequential losses or damages of any kind whatsoever (including without limitation lost profits), even if the Trustee has been advised of the possibility of such losses or damages and regardless of the form of action.

The Issuer will be required to deliver to the Trustee, within 120 days after the end of each fiscal year (beginning with the fiscal year ending December 31, 2021), an Officer's Certificate indicating whether the signer of the certificate knows of any failure by the Issuer and its Restricted Subsidiaries to comply with all conditions and covenants of the Indenture during such fiscal year. In addition, the Issuer is required, within 30 days (or 180 days, if with respect to a Default under "— Reports and

Other Information") upon becoming aware of any Default to deliver to the Trustee a statement specifying such Default (unless such Default has been cured or waived within such 30-day or 180-day time period, as applicable).

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (such other default, the "*Initial Default*") occurs, then at the time such Initial Default is cured, the Default for a failure to report or failure to deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed under "— Reports and Other Information" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

**No Personal Liability of Directors, Managers, Officers, Employees and Stockholders**

No past, present or future director, manager, officer, employee, incorporator, member, partner or stockholder of the Issuer or any Guarantor or any of their parent companies or entities (other than the Issuer in respect of the Notes and each Guarantor in respect of its Guarantee) shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Note Guarantees or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

**Legal Defeasance and Covenant Defeasance**

The obligations of the Issuer and the Guarantors under the Indenture and the Notes or the Note Guarantees, as the case may be, will terminate (other than certain obligations) and will be released upon payment in full of all of the Notes issued under the Indenture. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Notes and have each Guarantor's obligation discharged with respect to its Note Guarantee ("*Legal Defeasance*") and cure all then existing Events of Default except for:

(1) the rights of Holders of Notes to receive payments in respect of the principal of, premium, if any, and interest on the Notes when such payments are due solely out of the trust created pursuant to the Indenture;

(2) the Issuer's obligations with respect to Notes concerning issuing temporary Notes, registration of such 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, trusts, duties and immunities of the Trustee, and the Issuer's obligations 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 those of each Guarantor released with respect to substantially all of the restrictive covenants that are described in the Indenture, the Notes or the Note Guarantees, as the case may be, ("*Covenant Defeasance*"), and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Issuer) described under "Events of Default and Remedies" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts (including scheduled payments thereon) as will be sufficient, in the opinion of an Independent Financial Advisor, to pay the principal of, premium, if any, and interest due on the Notes on the stated maturity date or on the Redemption Date, as the case may be, of such principal, premium, if any, or interest on such Notes and the Issuer must specify whether such Notes are being defeased to maturity or to a particular Redemption Date; *provided*, that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of redemption (any such amount, the "*Applicable Premium Deficit*") only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions,

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

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

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such 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 reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the beneficial owners of the Notes 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 such Covenant Defeasance had not occurred;

(4) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness, and, in each case the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or material instrument (other than the Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

**Satisfaction and Discharge**

The Indenture will be discharged and will cease to be of further effect as to all Notes when:

(1) either:

(a) all Notes theretofore authenticated and delivered (except mutilated, destroyed, lost or stolen Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust) have been delivered to the Trustee for cancellation; or

(b) (w) all Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable by reason of the making of a notice of redemption or otherwise, (ii) will become due and payable within one year or (iii) 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;

(x) the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders of the Notes, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in an amount (including scheduled payments thereon) sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and accrued interest to the date of such deposit (in the case of Notes which have become due and payable) or to the date of maturity or redemption, as the case may be; *provided*, that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any Applicable Premium Deficit only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(y) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit or any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) with respect to the Notes or the Indenture shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under any material agreement or material instrument (other than the Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith); and

(z) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or the Redemption Date, as the case may be.

(2) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and

(3) the Issuer has delivered an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) to the Trustee stating that all conditions precedent to satisfaction and discharge have been complied with.

**Amendment, Supplement and Waiver**

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes and any Note Guarantee may be amended or supplemented and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or any Note Guarantee may be waived, in each case, with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes, other than Notes beneficially owned by the Issuer or its Affiliates (excluding any Affiliated Debt Fund), including consents or waivers obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes.

The Indenture will provide that, without the consent of each affected Holder, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed final maturity of any such Note or reduce the premium payable upon the redemption of such Notes or change the time at which such Notes may be redeemed as described under "— Optional Redemption;" *provided* that any amendment to the minimum notice requirement may be made with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding;

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the outstanding Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in the Indenture or any Note Guarantee which cannot be amended or modified without the consent of all affected Holders;

(5) make any Note payable in money other than that stated therein;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Notes;

(7) make any change in these amendment and waiver provisions;

(8) amend the contractual right expressly set forth in the Indenture or any Note of any Holder to institute suit for the enforcement of any payment of principal, premium, if any, and interest on such Holder's Notes on or after the due dates therefor;

(9) make any change to or modify the ranking of the Notes that would adversely affect the Holders, except as expressly permitted by the Indenture; or

(10) except as expressly permitted by the Indenture, modify the Note Guarantees of any Significant Subsidiary in any manner materially adverse to the Holders.

Notwithstanding the foregoing, the Issuer, any Guarantor (with respect to its Note Guarantee or the Indenture to which it is a party, other than any amendment or supplement the sole purpose of which is to add an additional Guarantor) and the Trustee, without the consent of any Holders, may amend the Notes, the Note Guarantee and the Indenture for any of the following purposes:

(1) to cure any ambiguity, omission, mistake, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to comply with the covenant described under "— Certain Covenants — Merger, Consolidation, Amalgamation or Sale of All or Substantially All Assets;"

(4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders pursuant to the terms of the Indenture;

(5) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any such Holder in any material respect;

(6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor;

(7) to provide for the issuance of Additional Notes in accordance with the terms of the Indenture;

(8) to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, if applicable;

(9) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee or a successor paying agent thereunder pursuant to the requirements thereof;

(10) to add a Guarantor, a guarantee of a Parent Entity or a co-obligor of the Notes under the Indenture;

(11) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees;

(12) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes; *provided*, *however*, that such amendment does not materially and adversely affect the rights of Holders to transfer Notes;

(13) to secure the Notes and/or the related Note Guarantees;

(14) to release any Guarantor from its Note Guarantee pursuant to the Indenture when permitted or required by the Indenture;

(15) to release and discharge any Lien securing the Notes when permitted by the Indenture (including pursuant to the second paragraph under "— Certain Covenants — Limitation on Liens"); and

(16) to comply with the rules of any applicable securities depositary.

The Trustee shall not be obligated to enter into any amendment, supplement or waiver that adversely impacts its rights, duties or immunities.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver.

For the avoidance of doubt, no amendment, waiver, modification or deletion of the provisions described under "— Repurchase at the Option of Holders — Change of Control," "— Repurchase at the Option of Holders — Asset Sales" or any of the covenants described under "— Certain Covenants," shall be deemed to impair or affect any rights of Holders of the Notes to institute suit for the enforcement of any payment on or with respect to, or to receive payment of principal of, or premium, if any, or interest on, the Notes.

Notwithstanding anything in the Indenture to the contrary, the Notes held by all Affiliated Debt Funds shall not account for more than 49.9% of the principal amounts of outstanding Notes included in determining whether the Holders have (A) consented to any amendment, modification, waiver, consent or other action with respect to any of the terms of the Indenture therefrom, (B) otherwise acted on any matter related to the Indenture or (C) directed or required the Trustee to undertake any action (or refrain from taking any action) with respect to or under the Indenture; it being understood and agreed that the portion of the Notes that accounts for more than 49.9% of the relevant requisite principal amount of outstanding Notes shall be deemed to be not outstanding for all such purposes.

**Notices**

Notices given by publication (including posting of information as contemplated by the provisions described under "— Certain Covenants — Reports and Other Information") will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing or transmitting, Notices sent by overnight delivery service will be deemed given when delivered and notices given electronically will be deemed given when sent. Notice otherwise given in accordance with the procedures of DTC will be deemed given on the date sent to DTC.

**Concerning the Trustee**

The Indenture will contain certain limitations on the rights of the Trustee, should it become a creditor of the Issuer or a Guarantor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign as Trustee.

The Indenture will provide that the Holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person under the circumstances in the conduct of his own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee security and indemnity reasonably satisfactory to it against any loss, liability or expense.

**Governing Law**

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

**Limited Condition Transactions**

When calculating the availability under any basket, ratio or any financial metric under the Indenture or compliance with any provision of the Indenture, in each case in connection with (a) any Limited Condition Acquisition, (b) any incurrence of Indebtedness (including the incurrence of Liens with respect thereto), Disqualified Stock or Preferred Stock or any repayment, redemption, repurchase or refinancing of Indebtedness, Disqualified Stock or Preferred Stock with respect to which a notice of repayment or redemption (or similar notice), which may be conditional, has been delivered, (c) the making of any Asset Sale or any disposition excluded from the definition of "Asset Sale" or (d) the making of an Investment or Restricted Payment (the transactions referred to in clauses (b) through (d)), collectively, the "*Specified Transactions*," and each, a "*Specified Transaction*"), the date of determination of such basket, ratio or financial metric or whether any such Specified Transaction is permitted (or any requirement or condition therefor is complied with or satisfied (including as to the absence of any Default or Event of Default)) may, at the option of the Issuer, any of its Restricted Subsidiaries, a Parent Entity of the Issuer, any successor entity of any of the foregoing or a third-party (the "*Testing Party*") (which election may be made on or prior to the date of consummation of such Limited Condition Acquisition or Specified Transaction), be the date the definitive agreements for such Limited Condition Acquisition or Specified Transaction are entered into, the date of declaration of a Restricted Payment, the date of the public announcement of such Limited Condition Acquisition or Specified Transaction, or the date such notice, which may be conditional, of such repayment, redemption, repurchase of refinancing of Indebtedness, Disqualified Stock or Preferred Stock is given to the holders of such Indebtedness, Disqualified Stock or Preferred Stock (any such date, the "*Transaction Test Date*") and such baskets, ratios or financial metrics shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definitions of Fixed Charge Coverage Ratio, Consolidated Total Debt Ratio and Consolidated Secured Debt Ratio after giving effect to such Limited Condition Acquisition or Specified Transaction (including any incurrence of Liens, Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such Limited Condition Acquisition or Specified Transaction, and, for the avoidance of doubt, (x) if any of such baskets, ratios or financial metrics are exceeded or otherwise failed to have been complied with as a result of fluctuations in such basket, ratio or related financial metrics (including due to fluctuations in Consolidated Net Income, Consolidated EBITDA or Covenant EBITDA of the Issuer or the target company for the Applicable Measurement Period) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition or Specified Transaction, such baskets, ratios or financial metrics will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition or Specified Transaction is permitted hereunder and (y) such baskets, ratios or financial metrics shall not be tested at the time of consummation of such Limited Condition Acquisition or Specified Transaction except as contemplated in clause (a) of the immediately succeeding proviso; *provided*, *however*, that (a) if financial statements for one or more subsequent fiscal quarters shall have become available, the Testing Party may elect, in its sole discretion, to re-determine all such baskets, ratios and financial metrics on the basis of such financial statements, in which case such date of redetermination shall thereafter be deemed to be the applicable Transaction Test Date for purposes of such baskets, ratios and financial metrics, (b) if any ratios or financial metrics improve or baskets increase as a result of such fluctuations, such improved ratios, financial metrics or baskets may be utilized, (c) if the Testing Party elects to have such determinations occur at the Transaction Test Date, any such transactions (including any incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the Transaction Test Date and to be outstanding thereafter for purposes of calculating any baskets, ratios or financial metrics under the Indenture after the Transaction Test Date and before the consummation of such Limited Condition Acquisition or Specified Transaction unless and until such Limited Condition Acquisition or Specified Transaction has been abandoned, as determined by the Testing Party, prior to the consummation thereof and

(d) Consolidated Interest Expense for purposes of the Fixed Charge Coverage Ratio will be calculated using an assumed interest rate based on the indicative interest margin (giving effect to any step-ups or margin caps, but without giving effect to any increases as a result of market "flex") contained in any financing commitment documentation with respect to such Indebtedness or, if no such indicative interest margin exists, as reasonably determined by Testing Party in good faith. For the avoidance of doubt, if the Testing Party has exercised its option pursuant to the foregoing and any Default or Event of Default occurs following the Transaction Test Date (including any new Transaction Test Date) for the applicable Limited Condition Acquisition or Specified Transaction and prior to or on the date of the consummation of such Limited Condition Acquisition or Specified Transaction, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Acquisition or Specified Transaction is permitted under the Indenture.

Notwithstanding anything to the contrary, in connection with a Testing Party's election to use a Transaction Test Date in connection with a Limited Condition Acquisition or Specified Transaction, any reference to "date of incurrence" or "time of incurrence" or other similar phrases with respect to the date or time an action is taken herein will mean the Transaction Test Date.

**Certain Compliance Determinations**

Notwithstanding anything to the contrary herein, but subject to the succeeding two paragraphs in this section and "Limited Condition Transactions" above, all financial ratios, tests, covenants, calculations and measurements (including, without limitation, Consolidated Total Debt Ratio, Consolidated Secured Debt Ratio, Fixed Charge Coverage Ratio, Consolidated Interest Expense, Fixed Charges, Consolidated Net Income, Consolidated Total Assets, Consolidated EBITDA, Covenant EBITDA, any Fixed Amount (as defined below) or Incurrence Based Amount (as defined below)) contained in the Indenture that are calculated with respect to any period during which any Specified Event or Specified Transaction occurs shall be calculated with respect to such period and each such Specified Event or Specified Transaction, as the case may be, on a pro forma basis and may be determined with reference to the financial statements of a Parent Entity of the Issuer instead, so long as such Parent Entity does not hold any material assets other than, directly or indirectly, the Equity Interests of the Issuer (as determined in good faith by the Board or senior management of the Issuer (or any Parent Entity of the Issuer)). Further, if, since the beginning of any such period and on or prior to the date of any required calculation of any financial ratio, test, covenant, calculation or measurement (i) any Specified Event or Specified Transaction has occurred or (ii) any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the Issuer or any of its Restricted Subsidiaries or any joint venture since the beginning of such period has consummated any Specified Event or Specified Transaction, then, in each case, any applicable financial ratio, test, covenant, calculation or measurement shall be calculated on a pro forma basis for such period as if such Specified Event or Specified Transaction, as the case may be (including, without duplication of any amounts otherwise reflected in Consolidated EBITDA or Covenant EBITDA for the applicable Test Period, any "run rate" cost savings, operating expense reductions and synergies) had occurred at the beginning of the applicable period.

Notwithstanding anything in the Indenture to the contrary, with respect to any amounts incurred or transactions entered into (or consummated) in reliance on a provision of the Indenture (including any covenant) that does not require compliance with a financial ratio or test (including, without limitation, Consolidated Secured Debt Ratio, Consolidated Total Debt Ratio and/or Fixed Charge Coverage Ratio) (any such amounts, the "Fixed Amounts") substantially concurrently with any amounts incurred or transactions entered into (or consummated) in reliance on a provision of the Indenture that requires compliance with a financial ratio or test (including, without limitation, Consolidated Secured Debt Ratio, Consolidated Total Debt Ratio and/or Fixed Charge Coverage Ratio) (any such amounts, the "Incurrence Based Amounts"), it is understood and agreed that the Fixed Amounts shall be disregarded in the calculation of the financial ratio or test applicable to the Incurrence Based Amounts.

Notwithstanding anything in the Indenture to the contrary, in the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on an Incurrence-Based Amount, such Incurrence-Based Amount shall be calculated without regard to the incurrence of any Indebtedness under any revolving facility or letter of credit facility (i) immediately prior to or in connection therewith or (ii) used to finance working capital needs of the Issuer and its Restricted Subsidiaries (as reasonably determined by the Issuer).

For purposes of determining the permissibility of any action, change, transaction or event that requires a calculation of any Fixed Amounts, Incurrence-Based Amounts or financial ratio, test, covenant, calculation or measurement (including, without limitation, Consolidated Total Debt Ratio, Consolidated Secured Debt Ratio, Fixed Charge Coverage Ratio, Consolidated Interest Expense, Fixed Charges, Consolidated Net Income, Consolidated Total Assets, Consolidated EBITDA and Covenant EBITDA), such Fixed Amounts, Incurrence-Based Amounts or financial ratio, test, covenant, calculation or measurement shall be calculated at the time such action is taken (subject to "— Limited Condition Transactions" above), such change is made, such transaction is consummated or such event occurs, as the case may be, and no Default or Event of Default shall be deemed to have occurred solely as a result of a change in such Fixed Amounts, Incurrence-Based Amounts or financial ratio, test, covenant, calculation or measurement occurring after the time such action is taken, such change is made, such transaction is consummated or such event occurs, as the case may be. In addition, the Issuer (or a Parent Entity) and its Subsidiaries may be required to restate historical financial statements as the result of the implementation of changes in GAAP or the interpretation thereof, and such restatements will not result in a Default under the Indenture to the extent that the restatements do not reveal any material omission, misstatement or other material inaccuracy in the reported information from actual results for any relevant prior period.

The Indenture shall also provide that, for purposes of determining any calculation or measure as of any Applicable Calculation Date or date of determination (including, without limitation, Consolidated EBITDA, Covenant EBITDA, Consolidated Interest Expense, Consolidated Net Income, Consolidated Secured Debt Ratio, Consolidated Total Debt Ratio, Fixed Charge Coverage Ratio, Fixed Charges, Permitted Receivables Financing and Total Assets) under the Indenture, the U.S. dollar equivalent amount of any amount denominated in a foreign currency shall be calculated, to the extent not already reflected in U.S. dollars in the relevant financial statements (which may be internal), based on the relevant currency exchange rate in effect as of the end of the most recent fiscal quarter for which internal financial statements are available immediately preceding the Applicable Calculation Date.

**Certain Definitions**

Set forth below are certain defined terms to be used in the Indenture. For purposes of the Indenture, unless otherwise specifically indicated, the term "consolidated" with respect to any Person refers to such Person on a consolidated basis in accordance with GAAP, but excluding from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

"*Acquired Indebtedness*" means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other

Person merging, consolidating or amalgamating with or into or becoming a Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Assets*" means (1) any property or other assets used or useful in a Similar Business, (2) the Capital Stock of a Person that becomes a Restricted Subsidiary of the Issuer as a result of the acquisition of such Capital Stock by the Issuer or another Restricted Subsidiary or (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Issuer; *provided*, *however*, that any Restricted Subsidiary described in clause (2) or (3) above is engaged in a Similar Business.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"*Affiliated Debt Fund*" means any Affiliate of the Issuer (other than any of its Subsidiaries) that is either (a) a bona fide debt fund or (b) a Person that extends credit or buys loans, bonds or similar extensions of credit or securities in the ordinary course and the investment decisions of which are not controlled by the private equity business of any of the Investors.

"*Alternate Offer*" has the meaning set forth in the first paragraph under "— Repurchase at the Option of Holders — Change of Control."

"*Applicable Calculation Date*" or "date of determination" means the applicable date of determination for (i) Consolidated Secured Debt Ratio, (ii) Consolidated Total Debt Ratio, (iii) Fixed Charge Coverage Ratio, (iv) Consolidated EBITDA (v) Covenant EBITDA or (vi) Total Assets.

"*Applicable Measurement Period*" means the most recently completed four consecutive fiscal quarters of the Issuer immediately preceding the Applicable Calculation Date for which internal financial statements are available.

"*Applicable Premium*" means, with respect to any Note on any Redemption Date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of (a) the present value at such Redemption Date of (i) the redemption price of such Note at April 15, 2024 (such redemption price being set forth in the table appearing above under the caption "— Optional Redemption"), plus (ii) all required remaining interest payments due on such Note through April 15, 2024 (excluding accrued but unpaid interest to the Redemption Date), computed by the Issuer on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using a discount rate equal to the Treasury Rate as of such Redemption Date (or, if greater than such Treasury Rate, zero) plus 50 basis points; over (b) the principal amount of such Note.

Calculation of the Applicable Premium will be made by the Issuer; *provided* that such calculation or the correctness thereof shall not be a duty or obligation of the Trustee.

"*Asset Sale*" means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Lease-Back

Transaction) of the Issuer or any of its Restricted Subsidiaries (each referred to in this definition as a "disposition"); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary (other than Preferred Stock of Restricted Subsidiaries issued in compliance with the covenant described under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"), whether in a single transaction or a series of related transactions and whether effected pursuant to a Division or otherwise; in each case, other than:

(a) any disposition of Cash Equivalents or Investment Grade Securities or obsolete, damaged, unnecessary, unsuitable or worn out property or equipment or other assets, in each case, in the ordinary course of business or consistent with industry practice or any disposition of inventory, immaterial assets or goods (or other assets), property or equipment held for sale or no longer used or useful in, or economically practicable to maintain in the conduct of, the business of the Issuer and any of its Subsidiaries;

(b) the disposition of all or substantially all of the assets of the Issuer or any Restricted Subsidiary in a manner permitted pursuant to the provisions described above under "— Certain Covenants — Merger, Consolidation, Amalgamation or Sale of All or Substantially All Assets" or any disposition that constitutes a Change of Control pursuant to the Indenture;

(c) any disposition, issuance or sale in connection with the making of any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "— Certain Covenants — Limitation on Restricted Payments" or any Permitted Investment;

(d) any disposition of property or assets, or issuance or sale of Equity Interests of any Restricted Subsidiary, in any single transaction or series of related transactions with an aggregate fair market value of less than the greater of (x) \$18.0 million and (y) 7.5% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period;

(e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to another Restricted Subsidiary;

(f) any disposition of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property, (ii) an amount equal to the Net Proceeds of such disposition are promptly applied to the purchase price of similar replacement property or (iii) to the extent allowable under Section 1031 of the Code, or any comparable or successor provision, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(g) the lease, assignment, sublease, license or sublicense of any real or personal property (including the provision of software under an open source license) that are (i) in the ordinary course of business or consistent with past practice, (ii) do not materially interfere with the business of the Issuer and its Subsidiaries or (iii) relate to closed facilities or closed storage or distribution centers or the discontinuation of any product line;

(h) any issuance, sale or pledge of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(i) foreclosures, condemnation, expropriation, forced dispositions, eminent domain or any similar action (whether by deed in lieu of condemnation or otherwise) with respect to assets or the granting of Liens not prohibited by the Indenture, and transfers of any property that have been subject to a casualty to the respective insurer of such property as part of an insurance settlement or upon receipt of the net proceeds of such casualty event;

(j) sales or discounts or forgiveness (with or without recourse) (including by way of assignment or participation) of (i) accounts receivable, or participations therein, in connection with the collection or compromise thereof (including sales to factors or other third parties) or in the ordinary course of business and (ii) receivables, or participations therein, and related assets, or any disposition of the Equity Interests in a Subsidiary, all or substantially all of the assets of which are receivables and related assets, pursuant to any Permitted Receivables Financing;

(k) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions and asset securitizations permitted by the Indenture;

(l) any surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights or other litigation claims in the ordinary course of business or consistent with past practice;

(m) the sale, lease, assignment, license, sublease or discount of inventory, equipment, accounts receivable, notes receivable or other assets in the ordinary course of business or consistent with past practice or the conversion of accounts receivable for notes receivable or other dispositions of accounts receivable in connection with the collection or compromise thereof;

(n) the licensing, sub-licensing or cross-licensing of intellectual property or other general intangibles in the ordinary course of business or consistent with past practice or that is immaterial;

(o) the unwinding of any Hedging Obligations or Cash Management Obligations;

(p) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(q) the sale, lapse, disposal, abandonment, cancellation or invalidation of, or any issuances or registrations, or applications for issuances or registrations of, intellectual property rights, which in the reasonable determination of the Board or the senior management of the Issuer (or any Parent Entity of the Issuer) are not material to the conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole, or are no longer used or useful or no longer economically practicable or commercially reasonable to maintain;

(r) the issuance of directors' qualifying shares and shares issued to foreign nationals or other third parties as required by applicable law;

(s) the disposition of any assets (including Equity Interests) (i) acquired in a transaction, which assets are not used or useful in the core or principal business of the Issuer and its Restricted Subsidiaries, or (ii) made in connection with the approval of any applicable antitrust authority or otherwise necessary or advisable in the good faith determination of the Issuer to consummate any acquisition;

(t) any disposition of property or assets of a Foreign Subsidiary the Net Proceeds of which the Issuer has determined in good faith that the repatriation of such Net Proceeds (i) is prohibited or subject to limitations under applicable law, orders, decrees or determinations of any arbitrator, court or governmental authority or (ii) would have a material adverse tax consequence (taking into account any foreign tax credit or benefit actually realized in connection with such repatriation); *provided* that when the Issuer determines in good faith that repatriation of any of such Net Proceeds (i) is no longer prohibited or subject to limitations under such applicable law, orders, decrees or determinations of any arbitrator, court or governmental authority or (ii) would no longer have a material adverse tax consequence (taking into account any foreign tax credit or benefit actually realized in connection with such repatriation), such amount at such time shall be considered the Net Proceeds in respect of an Asset Sale;

(u) any sale of property or assets, if the acquisition of such property or assets was financed with Excluded Contributions and the proceeds of such sale are used to make a Restricted Payment pursuant to clause (9)(b) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments;"

(v) any sale, conveyance, transfer or other disposition to effect the formation of any Subsidiary that has been formed upon the consummation of a Division; provided that any disposition or other allocation of assets (including any equity interests of such Subsidiary) in connection therewith is otherwise not prohibited under the Indenture;

(w) any disposition constituting a Permitted Minority Interest Transaction;

(x) the sales of property or assets for an aggregate fair market value not to exceed the greater of (i) $49.0 million and (ii) 20% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period;

(y) solely for purposes of the third paragraph under "— Repurchase at the Option of Holders — Asset Sales," the disposal of Equity Interests of any Subsidiaries; *provided* that the aggregate value of such Equity Interests, when taken together with the aggregate value of all Equity Interests of Subsidiaries disposed of by the Issuer and its Restricted Subsidiaries in the immediately preceding twelve months (excluding, for the avoidance of doubt, in each case, any Permitted Minority Interest Transactions), is less than 5% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period; and

(z) dispositions of property in connection with any Sale and Lease-Back Transaction.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Sale and would also be a permitted Restricted Payment or Permitted Investment, the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Sale and/or one or more of the types of permitted Restricted Payments or Permitted Investments.

"*Asset Sale Offer*" has the meaning set forth in the third paragraph under "— Repurchase at the Option of Holders — Asset Sales."

"*Attributable Obligations*" means, with respect to any Guarantor, at any time, the aggregate outstanding amount of Indebtedness of such Guarantor owed to the Issuer.

"*Available RP Capacity Amount*" means the amount of Restricted Payments that may be made at the time of determination pursuant to clause (3) of the first paragraph under the covenant described in "— Certain Covenants — Limitation on Restricted Payments" and clauses (8), (9) and (10) of the second paragraph under the covenant described in "— Certain Covenants — Limitation on Restricted Payments."

"*Board*" with respect to a Person means the board of directors (or similar body) of such Person or any committee thereof duly authorized to act on behalf of such board of directors (or similar body).

"*Business Day*" means each day that is not a Legal Holiday.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Software Expenditures*" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Restricted Subsidiaries.

"*Captive Insurance Subsidiary*" means (i) any Subsidiary of the Issuer operating for the purpose of (a) insuring the businesses, operations or properties owned or operated by the Issuer or any of its Subsidiaries, including their future, present or former employees, directors, officers, managers, members, partners, independent contractors or consultants, and related benefits and/or (b) conducting any activities or business incidental thereto (it being understood and agreed that activities which are relevant or appropriate to qualify as an insurance company for U.S. federal or state tax purposes shall be considered "activities or business incidental thereto"), (ii) any Subsidiary of the Issuer that is subject to regulation as an insurance company (or any Subsidiary thereof) or (iii) any Subsidiary of any such insurance subsidiary operating for the same purpose described in clause (i) above.

"*Cash Equivalents*" means:

(1) United States dollars;

(2) (a) Canadian dollars, euro, pound sterling or any national currency of any participating member state of the EMU; or

(b) other currencies held by the Issuer and its Restricted Subsidiaries from time to time in the ordinary course of business;

(3) securities issued or directly and fully and unconditionally guaranteed or insured by the U.S. government or any agency or instrumentality thereof as a full faith and credit obligation of the U.S. government, with average maturities of 24 months or less from the date of acquisition;

(4) certificates of deposit, time deposits and eurodollar time deposits with average maturities of one year or less from the date of acquisition, demand deposits, bankers' acceptances with average maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus of not less than $100.0 million in the case of U.S. banks or other U.S. financial institutions and $100.0 million (or the U.S. dollar equivalent as of the date of determination) in the case of non-U.S. banks or other non-U.S. financial institutions;

(5) repurchase obligations for underlying securities of the types described in clauses (3), (4) and (10) entered into with any financial institution meeting the qualifications specified in clause (4) above;

(6) commercial paper rated at least P-2 by Moody's or at least A-2 by S&P (or, if at any time, neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) and variable or fixed rate notes issued by any financial institution meeting the qualifications specified in clause (4) above, in each case, with average maturities of 36 months after the date of creation thereof;

(7) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency);

(8) investment funds investing at least 90% of their assets in securities of the types described in clauses (1) through (7) above and (9) through (12) below;

(9) securities issued or directly and fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America or any political subdivision or taxing authority of any such state, commonwealth or territory or any public instrumentality thereof having average maturities of not more than 36 months from the date of acquisition thereof;

(10) readily marketable direct obligations issued or directly and fully and unconditionally guaranteed by any foreign government or any political subdivision or public instrumentality thereof, in each case (other than in the case of such securities issued or guaranteed by any participating member state of the EMU) having an Investment Grade Rating from either Moody's or S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) with average maturities of 36 months or less from the date of acquisition;

(11) Indebtedness or Preferred Stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) with average maturities of 36 months or less from the date of acquisition;

(12) Investments with average maturities of 36 months or less from the date of acquisition in money market funds rated A (or the equivalent thereof) or better by S&P or A2 (or the equivalent thereof) or better by Moody's (or, if at any time, neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency);

(13) Investments of comparable tenor and credit quality to those described in the foregoing clauses (1) through (12) customarily utilized in countries and jurisdictions in which the Issuer or its Restricted Subsidiaries operate; and

(14) investments, classified in accordance with GAAP as current assets, in money market investment programs that are registered under the Investment Company Act of 1940 or that are administered by financial institutions meeting the qualifications specified in clause (4) above, and, in either case, the portfolios of which are limited such that substantially all of such investments are of the character, quality and maturity described in clauses (1) through (13) of this definition.

In addition, in the case of Investments by any Captive Insurance Subsidiary, Cash Equivalents shall also include (a) such Investments with average maturities of 12 months or less from the date of determination in issuers rated BBB- (or the equivalent thereof) or better by S&P or Baa3 (or the equivalent thereof) or better by Moody's, at the date of determination and (b) any Investment with a maturity of more than 12 months at the date of determination that would otherwise constitute Cash Equivalents of the kind described in any of clauses (1) through (14) of this definition or clause (a) above, if the maturity of such Investment was 12 months or less; provided that the effective maturity of such Investment (based on the Issuer's good faith expectation for when such Investment will be repaid) does not exceed 20 years.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) and (2) above; *provided* that such amounts are converted into any currency listed in clauses (1) and (2) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

For the avoidance of doubt, any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents under the Indenture regardless of the treatment of such items under GAAP.

"*Cash Management Obligations*" means (1) obligations of the Issuer or any of its Restricted Subsidiaries in respect of any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements and cash management or treasury services or any automated clearing house transfers of funds, (2) other obligations in respect of netting services, employee credit or purchase card programs and similar arrangements and (3) obligations in respect of any other services related, ancillary or complementary to the foregoing (including any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements and cash management services, corporate credit and purchasing cards and related programs or any automated clearing house transfers of funds).

"*Change of Control*" means the occurrence of one or more of the following events after the Issue Date:

(1) the sale, lease or transfer, in one or a series of related transactions (other than by way of merger, amalgamation, consolidation or other business combination transaction), of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person other than any Permitted Holders; or

(2) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), including any group acting for the purpose of acquiring, holding or disposing of Equity Interests of the Issuer (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than any Permitted Holder, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase, of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power of the Voting Stock of the Issuer, unless the Permitted Holders otherwise have the right (pursuant to contract, proxy or otherwise), directly or indirectly, to designate or appoint a majority of the directors of the Issuer.

Notwithstanding the preceding or any provision of Section 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock (x) subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement or (y) as a result of veto or approval rights in any joint venture agreement, shareholder agreement or other similar agreement, (ii) if any group (other than a Permitted Holder) includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Issuer owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by such group or any other member of such group for purposes of determining whether a Change of Control has occurred and (iii) a Person or group will not be deemed to beneficially own the Voting Stock of a Person (the "*Subject Person*") held by a parent of such Subject Person unless it owns more than 50% of the total voting power of the Voting Stock of such parent.

"*Claimholders' Percentage*" has the meaning given to such term under "— Note Guarantees."

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Consolidated EBITDA*" means, as of any Applicable Calculation Date, with respect to any Person for any period, the Consolidated Net Income of such Person for such period, *plus*:

(1) without duplication and, other than with respect to clause (m) of this definition, to the extent already deducted (and not added back) in arriving at such Consolidated Net Income, the sum of the following amounts for such period:

(a) Fixed Charges of such Person for such period and, to the extent not reflected in Fixed Charges, any losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk, net of interest income and gains on such Hedging Obligations or such derivative instruments, and bank and letter of credit fees and costs of surety bonds in connection with financing activities, plus items excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (a) through (k) thereof,

(b) provision for taxes based on income, profits, revenue or capital, including federal, foreign and state income, franchise, excise, value added and similar taxes based on income, profits, revenue or capital, and foreign withholding taxes of such Person paid or accrued during such period (including in respect of repatriated funds), including any penalties and interest relating to such taxes or arising from any tax examinations, and (without duplication) any payments to a Parent Entity pursuant to clause (13)(b) of the second paragraph under "— Certain Covenants — Limitation on Restricted Payments" in respect of such taxes,

(c) the total amount of depreciation and amortization expense (including amortization of deferred financing fees or costs, internal labor costs, debt issuance costs, commissions, fees and expenses, capitalized expenditures (including Capitalized Software Expenditures), customer acquisition costs and incentive payments, conversion costs and contract acquisition costs) of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP,

(d) any other non-cash charges, including any write offs, write downs, expenses, losses or items (*provided*, in each case, that if any non-cash charges represent an accrual or reserve for potential cash items in any future period, (A) such Person may elect not to add back such non-cash charges in the current period and (B) to the extent such Person elects to add back such non-cash charges in the current period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period),

(e) the amount of any non-controlling interest consisting of income attributable to non-controlling interests of third parties in any non-Wholly-Owned Subsidiary deducted (and not added back) in such period in calculating Consolidated Net Income, excluding cash distributions in respect thereof,

(f) (i) the amount of management, monitoring, consulting and advisory fees, indemnities and related expenses paid or accrued in such period to (or on behalf of) the Investors (including any termination fees payable in connection with the early termination of management and monitoring agreements) to the extent permitted under clause (3) of the second paragraph under "— Certain Covenants — Transactions with Affiliates," (ii) the amount of payments made to option, phantom equity or profits interests holders of such Person or any of its Parent Entities in connection with, or as a result of, any distribution made to equity holders of such Person or its Parent Entities, which payments are being made to compensate such option, phantom equity or profits interests holders as though they were equity holders at the time of, and entitled to share in, such distribution, including any cash consideration for any repurchase of equity, in each case, to the extent permitted under the Indenture (including expenses relating to distributions made to equity holders of such Person or any of its Parent Entities resulting from the application of FASB Accounting Standards Codification Topic 718 — *Compensation — Stock Compensation*) and (iii) the amount of fees, expenses and indemnities paid to directors, including of the Issuer or any Parent Entity thereof,

(g) losses or discounts on sales of receivables and related assets in connection with any Permitted Receivables Financing,

(h) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not included in the calculation of Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to paragraph (3) below for any previous period and not added back,

(i) the amount of any minority interest expense deducted from Subsidiary income attributable to minority equity interests of third-parties in any non-Wholly-Owned Subsidiary,

(j) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost) existing at the date of initial application of FASB Accounting Standards Codification Topic 715 — *Compensation — Retirement Benefits*, and any other items of a similar nature,

(k) with respect to any joint venture that is not a Restricted Subsidiary, an amount equal to the proportion of those items described in clauses (b) and (c) above relating to such joint venture corresponding to such Person and its Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary),

(l) the amount of any loss attributable to a new plant or facility or any expansion of the Issuer's business or acquisition of new products or services until the date that is 24 months after the date of commencement of construction or the date of expansion of the Issuer's business or acquisition of new products or services, as the case may be (including the excess of any compensation paid within 24 months following any Producer Recruitment to any applicable Producer or prospective Producer pursuant to such Producer's or prospective Producer's employment agreement with the Issuer or any of its Subsidiaries over the amount of commissions earned by such Producers during such period); *provided* that (A) such losses are reasonably identifiable and factually supportable (for the avoidance of doubt, whether or not permitted under the rules and regulations of the SEC) and certified by a responsible Officer of such Person and (B) losses attributable to such plant or facility after 24 months from the date of commencement of construction or the date of acquisition of such plant or facility, as the case may be, shall not be included in this clause (l),

(m) losses, charges and expenses related to internal software development that are expensed but could have been capitalized under alternative accounting policies in accordance with GAAP,

(n) premiums for life and/or disability insurance coverage for officers and other key employees of the Issuer or its Subsidiaries for which the Issuer or its Subsidiaries are the beneficiaries of the coverage net of any life and/or disability insurance claim proceeds received by or due to the Issuer or its Subsidiaries related to the death or disability of an officer or other key employee of the Issuer or its Subsidiaries and

(o) all adjustments of the nature used in connection with the calculation of "EBITDA," "Adjusted EBITDA," and "Acquisition Adjusted EBITDA" (or similar *pro forma* non-GAAP measures) as set forth in footnote (2) in the section entitled "Summary — Summary Consolidated Financial Data" in this Offering Memorandum to the extent adjustments of such nature continue to be applicable during the period in which Consolidated EBITDA is being calculated; *provided* that any such adjustments that consist of reductions in costs and other operating improvements or synergies shall be calculated in accordance with, and satisfy the requirements specified in, clause (2) of this definition, *plus*

(2) without duplication, the amount of "run rate" cost savings, operating expense reductions and synergies related to any Specified Event (as defined below) projected by such Person in good faith to be realized as a result of actions that have been taken or initiated or are expected to be taken (in the good faith determination of such Person), including any cost savings, expenses and

charges (including restructuring and integration charges) in connection with, or incurred by or on behalf of, any joint venture of such Person or any of its Restricted Subsidiaries (whether accounted for on the financial statements of any such joint venture or such Person) with respect to any investment, sale, transfer or other disposition of assets, incurrence or repayment of Indebtedness, Restricted Payment, New Project, Subsidiary designation, restructuring, cost saving initiative or other initiative (including a Producer Recruitment) (collectively, a "*Specified Event*"), whether initiated, before, on or after the Issue Date, such Specified Event (which cost savings shall be added to Consolidated EBITDA until fully realized and calculated on a *pro forma* basis as though such cost savings had been realized on the first day of the relevant period), net of the amount of actual benefits realized from such actions; *provided* that (i) such cost savings are reasonably quantifiable and factually supportable (for the avoidance of doubt, whether or not permitted under the rules and regulations of the SEC), (ii) no cost savings, operating expense reductions or synergies shall be added pursuant to this clause (2) to the extent duplicative of any expenses or charges relating to such cost savings, operating expense reductions or synergies that are included in clause (1) above (it being understood and agreed that "run rate" shall mean the full recurring benefit that is associated with any action taken) and (iii) the share of any such cost savings, expenses and charges with respect to a joint venture that are to be allocated to such Person or any of its Restricted Subsidiaries shall not exceed the total amount thereof for any such joint venture multiplied by the percentage of income of such venture expected to be included in Consolidated EBITDA for the relevant Applicable Measurement Period;

*less*

(3) without duplication and to the extent included in arriving at such Consolidated Net Income, the sum of the following amounts for such period:

(a) non-cash gains (excluding any non-cash gain to the extent it represents the reversal of an accrual or reserve for a potential cash item that reduced Consolidated Net Income or Consolidated EBITDA in any prior period), and

(b) the amount of any non-controlling interest consisting of loss attributable to non-controlling interests of third parties in any non-Wholly-Owned Subsidiary added (and not deducted) in such period from Consolidated Net Income, in each case, as determined on a consolidated basis for such Person and its Restricted Subsidiaries. For purposes of testing the covenants under the Indenture in connection with any transaction, the Consolidated EBITDA of such Person and its Restricted Subsidiaries shall be adjusted to reflect such *pro forma* adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth (i) in the definition of Fixed Charge Coverage Ratio (other than as set forth in the first proviso to the first paragraph of such definition) and (ii) the sections titled "— Limited Condition Transactions" and — Certain Compliance Determinations."

"*Consolidated Interest Expense*" means, with respect to any Person and its Restricted Subsidiaries, the sum of (1) cash interest expense (including that attributable to Financing Lease Obligations), net of (i) cash interest income and (ii) non-cash interest income resulting from the amortization of original issue premium from the issuance of Indebtedness of such Person and its Restricted Subsidiaries, of such Person and its Restricted Subsidiaries with respect to all outstanding Indebtedness of such Person and its Restricted Subsidiaries (excluding any Non-Recourse Indebtedness permitted to be incurred under the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance Disqualified Stock and Preferred Stock"), including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under hedging agreements, plus (2) non-cash interest expense resulting solely from (i) the amortization of original issue discount from the issuance of Indebtedness of such Person and its Restricted Subsidiaries (excluding any Non-Recourse Indebtedness permitted to be incurred under the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and

Issuance Disqualified Stock and Preferred Stock") at less than par and (ii) pay-in-kind interest expense of such Person and its Restricted Subsidiaries but excluding, for the avoidance of doubt, (a) amortization of deferred financing costs, debt issuance costs, commissions, fees and expenses and any other amounts of non-cash interest other than specifically referred to in clause (2) above (including as a result of the effects of acquisition method accounting or pushdown accounting), (b) non-cash interest expense attributable to the movement of the mark-to-market valuation of Indebtedness or obligations under Hedging Obligations or other derivative instruments pursuant to FASB Accounting Standards Codification Topic 815 — *Derivatives and Hedging*, (c) any one-time cash costs associated with breakage in respect of hedging agreements for interest rates, (d) commissions, discounts, yield, make-whole premium and other fees and charges (including any interest expense) incurred in connection with any Permitted Receivables Financing, (e) any cash interest expense consisting of "additional interest" or "special interest" for failure to timely comply with registration rights obligations, (f) any interest expense attributable to the exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential), with respect thereto and with respect to any acquisition or Investment, (g) any payments with respect to make-whole premiums or other breakage costs of any Indebtedness, (h) penalties and interest relating to taxes, (i) accretion or accrual of discounted liabilities not constituting Indebtedness, (j) any interest expense attributable to a Parent Entity resulting from push-down accounting; (k) any expense resulting from the discounting of Indebtedness in connection with the application of recapitalization or purchase accounting; (l) any annual agency or similar fees paid to the administrative agents, collateral agents and other agents under any Credit Facilities and (m) any lease, rental or other expense in connection with a Non-Financing Lease Obligation, all as calculated on a consolidated basis in accordance with GAAP.

For purposes of this definition, interest on a Financing Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Financing Lease Obligation in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate of the net income (loss) of such Person for such period, determined on a consolidated basis, excluding (and excluding the effect of), without duplication:

(1) extraordinary, non-recurring, exceptional or unusual gains or losses or expenses (including any unusual, exceptional or non-recurring (x) operating expenses directly attributable to the implementation of cost savings initiatives and any accruals or reserves in respect of any extraordinary, nonrecurring, exceptional or unusual items and (y) relating to or arising in connection with any claim or any litigation (including legal fees, settlements, judgements and awards)), severance, relocation costs, integration and plants' or facilities' opening costs and other business optimization expenses (including related to Producer Recruitment, new product or service introductions, other strategic or cost savings initiatives, consolidation initiatives, systems establishment costs (including enterprise resource planning and information technology systems) and implementation costs), charges in connection with initiatives aimed at profitability improvement and multi-year strategic initiatives, restructuring charges, accruals or reserves (including restructuring and integration costs related to any acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, recruitment, retention or completion bonuses (including in connection with any Producer Recruitment), other executive recruiting and retention costs, transition costs, costs related to closure/consolidation of facilities or bases or operations and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities and charges resulting from changes in estimates, valuations and judgments),

(2) at the Issuer's election, the cumulative effect of a change in accounting principles and changes as a result of adoption or modification of accounting policies during such period to the extent included in Consolidated Net Income,

(3) any costs or expenses incurred by such Person or any Restricted Subsidiary pursuant to any management equity plan, long-term incentive plan or stock option plan or phantom equity plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are non-cash or otherwise funded with cash proceeds contributed to the capital of such Person or net proceeds of an issuance of Equity Interests of such Person (other than Disqualified Stock),

(4) the net income for such period of any Person that is an Unrestricted Subsidiary or that is accounted for by the equity method of accounting; *provided* that Consolidated Net Income shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash or Cash Equivalents (or if not paid in cash or Cash Equivalents, but later converted into cash or Cash Equivalents, upon such conversion) by such Person to the referent Person or a Restricted Subsidiary thereof during such period,

(5) any costs, fees and expenses (including financial advisory, accounting, auditor, legal and consulting and advisory fees and any SEC or other filing fees and expenses and any transaction or retention bonus or similar payment) incurred during such period, or any amortization thereof for such period, in connection with the Transactions, any acquisition, Producer Recruitment, Investment, recapitalization, asset disposition, spin-off transaction, issuance or repayment of Indebtedness (including deferred financing expenses), issuance of equity securities, refinancing transaction or amendment or other modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful (including, for the avoidance of doubt, the effects of expensing all transaction-related expenses in accordance with FASB Accounting Standards Codification Topic 805 — *Business Combinations* and gains or losses associated with FASB Accounting Standards Codification Topic 460 — *Guarantees*),

(6) any income (loss) for such period attributable to the early extinguishment or conversion of Indebtedness, Hedging Obligations or other derivative instruments (including deferred financing costs written off and premiums paid),

(7) (a) accruals and reserves, contingent liabilities and any gains or losses on the settlement of any pre-existing contractual or non-contractual relationships that are established or adjusted as a result of changes as a result of the adoption or modification of accounting policies during such period and (b) accruals and reserves that are established or adjusted, in each case within 24 months of the subject transaction, as a result of the Transactions or any acquisition, investment, asset disposition, write down or write off (including the related tax benefit) in accordance with GAAP (including any adjustment of estimated payouts on earn-outs),

(8) (a) any equity based or non-cash compensation expenses and costs, including those that that result from the issuance of stock appreciation or similar rights, phantom equity, stock options, restricted stock, partnership interest-based awards and similar incentive-based compensation awards or arrangements, (b) any cash charges associated with the rollover, acceleration or payout of Equity Interests by management or other employees of such Person or of a Restricted Subsidiary or any Parent Entity and (c) non-cash deemed finance charges in respect of any pension liabilities or other provisions (including non-cash interest charges on defined benefit, defined contribution or other pension plans),

(9) any income (loss) attributable to deferred compensation plans or trusts,

(10) any gain (loss) on asset sales, disposals or abandonments (other than asset sales, disposals or abandonments in the ordinary course of business) or income (loss) from discontinued

operations (but if such operations are classified as discontinued due to the fact that they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of),

(11) any gain (loss) attributable to the mark to market movement in the valuation of Hedging Obligations or other derivative instruments pursuant to FASB Accounting Standards Codification Topic 815 — *Derivatives and Hedging* or mark to market movement of other financial instruments pursuant to FASB Accounting Standards Codification Topic 825 — *Financial Instruments* in such period; *provided* that any cash payments or receipts relating to transactions realized in a given period shall be taken into account in such period,

(12) any non-cash gain (loss) related to currency remeasurements of Indebtedness (including the net loss or gain resulting from Hedging Obligations for currency exchange risk and revaluations of intercompany balances and other balance sheet items) and all other foreign currency translation gains or losses to the extent such gains or losses are non-cash items,

(13) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures (*provided*, in each case, that the cash payment in respect thereof in such future period shall be subtracted from Consolidated Net Income for the period in which such cash payment was made),

(14) any impairment or amortization charge or asset write-off or write-down (including related to intangible assets (including goodwill), long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation),

(15) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph of "— Certain Covenants — Limitation on Restricted Payments," the net income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its net income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, is otherwise restricted by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived or released (or the Issuer reasonably believes such restriction could be waived or released and is using commercially reasonable efforts to pursue such waiver or release); *provided* that Consolidated Net Income of such Person will be increased by the amount of dividends or other distributions or other payments actually paid in cash or Cash Equivalents (or, if not paid in cash or Cash Equivalents, but later converted into cash or Cash Equivalents, upon such conversion) to such Person or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(16) any deferred tax expense associated with tax deductions or net operating losses, or the release of any valuation allowance related to such item,

(17) costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and other costs and expenses attributable to the Issuer or any Parent Entity thereof being a public company,

(18) interest income on trust cash held by such Person and its Restricted Subsidiaries,

(19) income or expense related to changes in the fair value of contingent liability in connection with earn-out obligations and similar liabilities in connection with any acquisition or Investments permitted under the Indenture and

(20) any other non-cash losses, charges and expenses, including any write offs or write downs, solely to the extent not resulting from events of the type described in clauses (1) through (19) of the definition of Consolidated Net Income.

There shall be excluded from Consolidated Net Income for any period the effects from applying acquisition method or purchase accounting, including applying acquisition method or purchase accounting to inventory, property and equipment, loans and leases, software and other intangible assets and deferred revenue (including deferred costs related thereto and deferred rent) required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries), as a result of any acquisition or Investment consummated prior to the Issue Date and any other acquisition (by merger, consolidation, amalgamation or otherwise) or other Investment or the amortization or write-off of any amounts thereof.

In addition, to the extent not already included in Consolidated Net Income, Consolidated Net Income shall include (i) the amount of proceeds received or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365-day period), due from liability, casualty or business interruption insurance, reimbursement of expenses and charges that are covered by indemnification and other reimbursement provisions in connection with any acquisition or other Investment or any disposition of any asset permitted under the Indenture or any other expense or charge to the extent such other expense or charge is paid by a third party that is not a Restricted Subsidiary on behalf of the Issuer or a Restricted Subsidiary and (ii) the amount of any cash tax benefits related to the tax amortization of intangible assets in such period.

For the avoidance of doubt, solely for purposes of clause (3) of the first paragraph of "— Certain Covenants — Limitation on Restricted Payments," Consolidated Net Income may include any Consolidated Net Income of or attributable to the target company or assets associated with any Limited Condition Acquisition or Specified Transaction; *provided* that no Restricted Payment may be made in reliance on clause (3) of the first paragraph of "— Certain Covenants — Limitation on Restricted Payments," unless and until the closing of such Limited Condition Acquisition or Specified Transaction shall have actually occurred.

"*Consolidated Secured Debt Ratio*" means, as of any date of determination, with respect to any Person and its Restricted Subsidiaries, the ratio of (1) Consolidated Total Indebtedness of such Person and its Restricted Subsidiaries that is secured by a Lien, as of such date of determination to (2) such Person's Covenant EBITDA for the Applicable Measurement Period, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness and Covenant EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in (i) the definition of Fixed Charge Coverage Ratio and (ii) the sections titled "— Limited Condition Transactions" and — Certain Compliance Determinations."; *provided* that, for the avoidance of doubt, the *pro forma* calculation shall not give effect to any Indebtedness (or corresponding Liens) Incurred or deemed Incurred on the date of determination (or on such other subsequent date which would otherwise require *pro forma* effect to be given to such incurrence) pursuant to the provisions described in the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (including, for the avoidance of doubt, Indebtedness (or corresponding Liens) Incurred pursuant to the provisions of clauses (1)(a) and (1)(b) thereunder) (other than pursuant to clause (14)(x) thereof); *provided*, *further* that, for purposes of the calculation of Consolidated Secured Debt Ratio, in connection with (x) the Incurrence or deemed Incurrence of any Indebtedness pursuant to clause (1) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" or (y) the

Incurrence of any Lien pursuant to clause (34) of the definition of "Permitted Liens," such Person may elect, pursuant to an Officer's Certificate delivered to the Trustee, to treat all or any portion of the commitment (such amount elected until revoked as described below, the "*Elected Amount*") under any Indebtedness which is to be Incurred (or any commitment in respect thereof) or secured by such Lien, as the case may be, as being Incurred or secured, as the case may be, as of the date of determination and (i) any subsequent Incurrence of such Indebtedness under such commitment that was so treated (so long as the total amount under such Indebtedness does not exceed the Elected Amount) shall not be deemed, for purposes of this calculation, to be an Incurrence of additional Indebtedness or an additional Lien at such subsequent time, (ii) such Person may revoke an election of an Elected Amount pursuant to an Officer's Certificate delivered to the Trustee and (iii) for purposes of subsequent calculations of the Consolidated Secured Debt Ratio, the Elected Amount (if any) shall be deemed to be outstanding, whether or not such amount is actually outstanding.

"*Consolidated Total Debt Ratio*" means, as of any date of determination, with respect to any Person and its Restricted Subsidiaries, the ratio of (1) Consolidated Total Indebtedness of such Person and its Restricted Subsidiaries, as of such date of determination to (2) such Person's Covenant EBITDA for the Applicable Measurement Period, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness and Covenant EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in (i) the definition of Fixed Charge Coverage Ratio and (ii) the sections titled "— Limited Condition Transactions" and — Certain Compliance Determinations."; *provided* that, for the avoidance of doubt, the *pro forma* calculation shall not give effect to any Indebtedness (or corresponding Liens) Incurred or deemed Incurred on the date of determination (or on such other subsequent date which would otherwise require *pro forma* effect to be given to such incurrence) pursuant to the provisions described in the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (including, for the avoidance of doubt, Indebtedness (or corresponding Liens) Incurred pursuant to the provisions of clauses (1)(a) and (1)(b) thereunder) (other than pursuant to clause (14)(x) thereof); *provided*, *further* that, for purposes of the calculation of Consolidated Total Debt Ratio, in connection with the Incurrence of any Indebtedness pursuant to the covenant described under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," such Person may elect, pursuant to an Officer's Certificate delivered to the Trustee, to treat an Elected Amount under any Indebtedness which is to be Incurred (or any commitment in respect thereof) as being Incurred as of the date of determination and (i) any subsequent Incurrence of such Indebtedness under such commitment that was so treated (so long as the total amount under such Indebtedness does not exceed the Elected Amount) shall not be deemed, for purposes of this calculation, to be an Incurrence of additional Indebtedness at such subsequent time, (ii) such Person may revoke an election of an Elected Amount pursuant to an Officer's Certificate delivered to the Trustee and (iii) for purposes of subsequent calculations of the Consolidated Total Debt Ratio, the Elected Amount (if any) shall be deemed to be outstanding, whether or not such amount is actually outstanding.

"*Consolidated Total Indebtedness*" means, as of any date of determination, with respect to any Person and its Restricted Subsidiaries, an amount equal to (a) the sum of (1) the aggregate amount of all outstanding Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis consisting of Indebtedness for borrowed money, unreimbursed drawings under letters of credit, Obligations in respect of Financing Lease Obligations and third-party debt obligations evidenced by promissory notes and similar instruments (and excluding, for the avoidance of doubt, (A) all undrawn amounts under revolving credit facilities (except to the extent of any Elected Amount), (B) Hedging Obligations, (C) performance bonds or any similar instruments, (D) all Obligations relating to Permitted Receivables Financings and Non-Financing Lease Obligations and (E) the effects of any discounting of Indebtedness resulting from the application of acquisition method accounting in connection with any acquisition (by merger, consolidation, amalgamation, dividend, distribution or otherwise) or other

Investment) and (2) the aggregate amount of all outstanding Disqualified Stock of Person and all Preferred Stock of its Restricted Subsidiaries on a consolidated basis, with the amount of such Disqualified Stock and Preferred Stock equal to the greater of their respective voluntary or involuntary liquidation preferences and maximum fixed repurchase prices, in each case as of such date of determination and determined on a consolidated basis in accordance with GAAP less (b) all cash and Cash Equivalents of such Person and its Restricted Subsidiaries as of such date of determination. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock or Preferred Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Preferred Stock as if such Disqualified Stock or Preferred Stock were purchased on any date on which Consolidated Total Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock or Preferred Stock, such fair market value shall be determined in good faith by the Board or senior management of such Person.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation, or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Controlled Investment Affiliate*" means, as to any Person, any other Person, other than any Investor, which directly or indirectly controls, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other Persons.

"*Covenant EBITDA*" means, for any period, the Consolidated EBITDA of a Person and its Restricted Subsidiaries; *provided* that with respect to any Restricted Subsidiary the Equity Interests of which are not 100% owned, directly or indirectly, by such Person, the Consolidated EBITDA attributable to such Restricted Subsidiary for such period shall be equal to the lesser of:

(a) the Consolidated EBITDA attributable to such Restricted Subsidiary for such period, and

(b) (A) the Attributable Obligations of such Restricted Subsidiary as of the last day of such period (if any) plus (B) such Person's ownership percentage of such Restricted Subsidiary multiplied by the excess (if any) of (i) the Consolidated EBITDA attributable to such Restricted Subsidiary, over (ii) such Attributable Obligations.

"*Credit Facility*" means, with respect to the Issuer or any of its Restricted Subsidiaries, one or more debt facilities (including, without limitation, the Senior Credit Facilities) or other financing arrangements (including, without limitation, commercial paper facilities or indentures) providing for revolving credit loans, term loans, letters of credit or other Indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings, replacements, exchanges or refinancings thereof, in whole or in part, and any financing arrangements that amend, supplement, modify, extend, renew, restate, refund, replace, exchange or refinance any part thereof, including, without limitation, any such amended, supplemented, modified, extended, renewed, restated, refunding, replacement, exchanged or refinancing financing arrangement that increases the amount permitted to be borrowed or issued thereunder or alters the maturity thereof (*provided* that such increase in borrowings or issuance is permitted under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, trustee, lender or group of lenders, investors, holders or otherwise.

"*Declined Proceeds*" has the meaning set forth under "— Repurchase at the Option of Holders — Asset Sales."

"*Default*" means any event that is, or after notice or lapse of time or both would become, an Event of Default.

"*Derivative Instrument*", with respect to a Person, means any contract, instrument or other right to receive payment or delivery of cash or other assets (including, without limitation, a physical short position) to which such Person or any Affiliate of such Person that is acting in concert with such Person in connection with such Person's investment in the Notes (other than a Screened Affiliate) is a party (whether or not requiring further performance by such Person), the value and/or cash flows of which (or any material portion thereof) are materially affected by the value and/or performance of any securities of the Issuer and/or the creditworthiness of the Issuer and/or any one or more of the Guarantors (the "*Performance References*"). For the avoidance of doubt, the term "Derivative Instrument" shall not include any Notes.

"*Designated Non-cash Consideration*" means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale, redemption or repurchase of or collection or payment on such Designated Non-cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in exchange for consideration in the form of cash or Cash Equivalents in compliance with "— Repurchase at the Option of Holders — Asset Sales."

"*Designated Preferred Stock*" means Preferred Stock of the Issuer or any Parent Entity (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate executed by the principal financial officer of the Issuer or the applicable Parent Entity, as the case may be, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of the first paragraph of the "— Certain Covenants — Limitation on Restricted Payments" covenant.

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer or any Parent Entity thereof having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer or any Parent Entity thereof shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Issuer or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely for Capital Stock of such Person or any Parent Entity thereof that would not otherwise constitute Disqualified Stock, and other than solely as a result of a change of control, asset sale, casualty, condemnation or eminent domain) pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than solely as a result of a change of control, asset sale, casualty, condemnation or eminent domain), in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Notes or the date the Notes are no longer outstanding; *provided*, *however*, that if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries or Parent Entities in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability; *provided*, *further*, that any Capital Stock held by any future, current or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members, or any Permitted Transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an "*affiliate*" by the Board of the Issuer (or any Parent Entity of the Issuer) (or the compensation committee thereof) shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries pursuant to any stockholders' agreement, management equity plan, stock option plan or any other management or employee benefit plan or agreement or in order to satisfy applicable statutory or regulatory obligations.

"*Dividing Person*" has the meaning assigned to it in the definition of "Division."

"*Division*" means the division of the assets, liabilities and/or obligations of a Person (the "*Dividing Person*") among two or more Persons (whether pursuant to a "plan of division" or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

"*Domestic Subsidiary*" means any Restricted Subsidiary that is organized or existing under the laws of the United States, any state thereof or the District of Columbia.

"*DTC*" means The Depository Trust Company.

"*Elected Amount*" has the meaning set forth in the definition of "Consolidated Secured Debt Ratio."

"*EMU*" means economic and monetary union as contemplated in the Treaty on European Union.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

"*Equity Offering*" means:

(1) any public or private sale or issuance of common equity or Preferred Stock of the Issuer or any Parent Entity (excluding Disqualified Stock), other than (a) public offerings with respect to the Issuer or any Parent Entity's common stock registered on Form S-8, (b) issuances to any Subsidiary of the Issuer; and (c) any such public or private sale or issuance that constitutes an Excluded Contribution; or

(2) a reverse merger or similar business combination with a special purpose acquisition company or similar transaction, so long as such transaction results in the issuance to the public of common equity (including an issuance pursuant to a registration statement on Form S-4) of the Issuer or any Parent Entity, or results in the public owning common equity of the Issuer or any Parent Entity.

"*Equityholding Vehicle*" means any Parent Entity of the Issuer and any equityholder thereof through which former, current officers or future officers, directors, employees, managers or consultants of the Issuer or any of its Subsidiaries or Parent Entities hold Capital Stock of such Parent Entity.

"*euro*" means the single currency of participating member states of the EMU.

"*Event of Default*" has the meaning set forth under "— Events of Default and Remedies."

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended (with respect to the definitions of "Change of Control" and "Permitted Holders" only, as in effect on the Issue Date).

"*Excluded Contribution*" means net cash proceeds, the fair market value of marketable securities or the fair market value of Qualified Proceeds received by the Issuer from:

(1) contributions to its common equity capital,

(2) dividends, distributions, fees and other payments from any Unrestricted Subsidiaries or joint ventures or Investments in entities that are not Restricted Subsidiaries, and

(3) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate executed by the principal financial officer of the Issuer within 10 Business Days of the date such capital contributions are made, the date such dividends, distributions, fees or other payments are received or the date such Equity Interests are sold, as the case may be, which are excluded from the calculation set forth in clause (3) of the first paragraph under "— Certain Covenants — Limitation on Restricted Payments;" *provided* that any such dividends, distributions, fees or other payments so designated pursuant to clause (2) of this definition shall be excluded from the definition of "Consolidated Net Income" for all purposes under the Indenture.

"*Excluded Proceeds*" means, with respect to any Asset Sale, the sum of (1) an amount equal to the Declined Proceeds and (2) an amount equal to the Excess Proceeds *minus* the Net Proceeds Percentage of the Excess Proceeds.

"*fair market value*" means, with respect to any Investment, asset, property or liability, the fair market value of such Investment, asset, property or liability as determined in good faith by the Board or senior management of the Issuer (or any Parent Entity of the Issuer).

"*Financing Lease Obligation*" means an obligation that is required to be accounted for as a financing lease (and, for the avoidance of doubt, not a straight-line or operating lease) on both the balance sheet and income statement for financial reporting purposes in accordance with GAAP. At the time any determination thereof is to be made, the amount of the liability in respect of a financing or capital lease would be the amount required to be reflected as a liability on such balance sheet (excluding the footnotes thereto) in accordance with GAAP.

"*Fitch*" means Fitch Inc., a subsidiary of Fimalac, S.A., and any successor to its rating agency business.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person as of any Applicable Calculation Date, the ratio of Covenant EBITDA of such Person for the Applicable Measurement Period to the Fixed Charges of such Person for such Applicable Measurement Period. In the event that such Person or any Restricted Subsidiary incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Indebtedness or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the Applicable Measurement Period but on or prior to the Applicable Calculation Date, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock (in each case, including a *pro forma* application of the net proceeds therefrom), as if the same had occurred at the beginning of the Applicable Measurement Period; *provided*, *however*, that the *pro forma* calculation shall not give effect to any Indebtedness Incurred on the Applicable Calculation Date pursuant to the provisions described in the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (including, for the avoidance of doubt, Indebtedness (or corresponding Liens) Incurred pursuant to the provisions of clauses (1)(a) and (1)(b) thereunder) (other than pursuant to clause (14)(x) thereof); *provided*, *further*, that for purposes of the calculation of the Fixed Charge Coverage Ratio, in connection with the Incurrence of any Indebtedness pursuant to the first paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," such Person may elect, pursuant to an Officer's Certificate delivered to the Trustee, to treat an Elected Amount under any Indebtedness which is to be Incurred (or any commitment in respect thereof) as being Incurred as of the Applicable Calculation Date and (i) any subsequent Incurrence of such Indebtedness under such commitment that was so treated (so long as the total amount under such Indebtedness does not exceed the Elected Amount) shall not be deemed, for purposes of this calculation, to be an Incurrence of additional Indebtedness at such subsequent time, (ii) such Person may revoke an election of an Elected Amount pursuant to an Officer's Certificate delivered to the Trustee and (iii) for subsequent calculations of the Fixed Charge Coverage Ratio, the Elected Amount (if any) shall be deemed to be outstanding, whether or not such amount is actually outstanding.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, Divisions and disposed operations (as determined in accordance with GAAP) and operational changes (including any Producer Recruitment) that have been made by the Issuer or any of its Restricted Subsidiaries during the Applicable Measurement Period or subsequent to such Applicable Measurement Period and on or prior to or simultaneously with the Applicable Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, Divisions, disposed operations and operational changes (including any Producer Recruitment) (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA or Covenant EBITDA resulting therefrom) had occurred on the first day of the Applicable Measurement Period; *provided* that for the avoidance of doubt, notwithstanding any classification under GAAP of any Person or business in respect of which a definitive agreement for the disposition thereof has been entered into as discontinued operations, any change in any associated fixed charge obligations and any change in Consolidated EBITDA or Covenant EBITDA of such Person or business as a result of the disposition shall be excluded pursuant to this paragraph until such disposition shall have been consummated. If any Person that subsequently became a Restricted Subsidiary (including pursuant to a redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary) or was merged, amalgamated or consolidated with or into the Issuer or any of its Restricted Subsidiaries during such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, Division or disposed operation (including any spin-off transaction) and operational changes (including any Producer Recruitment) during such period that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such Applicable Measurement Period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation, Division, disposed operation or operational changes (including any Producer Recruitment) had occurred at the beginning of the Applicable Measurement Period. For the avoidance of doubt, in the event that a Restricted Subsidiary as of the Applicable Calculation Date which was previously designated as an Unrestricted Subsidiary is redesignated as a Restricted Subsidiary during or subsequent to the Applicable Measurement Period, the computation referred to above shall be calculated on a *pro forma* basis assuming that such redesignation as a Restricted Subsidiary (and the change in any associated fixed charge obligations and any change in Consolidated EBITDA or Covenant EBITDA resulting therefrom) had occurred on the first day of the Applicable Measurement Period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer (and may include, for the avoidance of doubt and without duplication, cost savings, operating expense reductions and synergies resulting from any Asset Sale or other disposition or such Investment, acquisition, disposition, merger, amalgamation, consolidation or Division, disposed operation, operational changes (including any Producer Recruitment) or other transaction, in each case calculated in accordance with and permitted by clause (2) of the definition of "Consolidated EBITDA" herein). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Applicable Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Financing Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Financing Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period or, if lower, the maximum commitments under such revolving credit facility as of the Applicable Calculation Date. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of (without duplication):

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during such period.

"*Foreign Subsidiary*" means any Restricted Subsidiary that is not a Domestic Subsidiary.

"*GAAP*" means generally accepted accounting principles in the United States of America 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 have been approved by a significant segment of the accounting profession, as in effect from time to time; *provided* that (a) the accounting for operating leases and financing or capital leases under U.S. GAAP as in effect on January 1, 2013 (including, without limitation, FASB Accounting Standards Codification Topic 840 — *Leases*) shall apply for the purpose of determining compliance with the provisions of the Indenture, including the definition of Financing Lease Obligation, (b) in determining any amounts or ratios under the Indenture and with respect to any reports provided by the Issuer to Holders of the Notes, the accounting for revenue recognition under U.S. GAAP may, at the Company's option, be made under ASU 2009-13, *Multiple-Deliverable Revenue Arrangements* (Topic 605), notwithstanding any adoption by the Company of ASU 2014-09, Revenue from Contracts with Customers (Topic 606) for purposes of its consolidated financial statements, (d) any calculation or determination in the Indenture that requires the application of GAAP across multiple quarters need not be calculated or determined using the same accounting standard for each constituent quarter and (e) neither IFRS nor U.S. GAAP shall include the policies, rules and regulations of the SEC, the American Institute of Certified Public Accountants, the International Accounting Standards Board or any other applicable regulatory or governing body applicable only to public companies (unless the Issuer or a Parent Entity is a Public Company or the Issuer or the Parent Entity elects to apply such policies, rules and regulations voluntarily). At any time after the Issue Date, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in the Indenture); *provided* that any such election, once made, shall be irrevocable; *provided*, *further*, any calculation or determination in the Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Issuer's election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Issuer shall give notice of any such election made in accordance with this definition to the Trustee. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness.

For avoidance of doubt, notwithstanding any classification under GAAP of any Person or business in respect of which a definitive agreement for the disposition thereof has been entered into as discontinued operations, the Consolidated Net Income, Consolidated EBITDA and Covenant EBITDA of such Person or business shall not be excluded from the calculation of Consolidated Net Income, Consolidated EBITDA or Covenant EBITDA, respectively, until such disposition shall have been consummated.

If there occurs or has occurred a change in generally accepted accounting principles and such change would cause a change in the method of calculation of any term or measure used in the Indenture (an "*Accounting Change*"), then the Issuer may elect that such term or measure shall be calculated as if such Accounting Change had not occurred.

"*guarantee*" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

"*Guarantor*" means each Subsidiary of the Issuer that executes the Indenture as a Guarantor on the Issue Date and each other Affiliate of the Issuer that thereafter guarantees the Notes in accordance with the terms of the Indenture, until, in each case, such Person is released from its Note Guarantee in accordance with the terms of the Indenture.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person with respect to (1) any rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any Master Agreement (as defined below), and (2) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*holder*" means, with reference to any Indebtedness or other Obligations, any holder or lender of, or trustee or collateral agent or other authorized representative with respect to, such Indebtedness or Obligations, and, in the case of Hedging Obligations, any counter-party to such Hedging Obligations.

"*Holder*" means the Person in whose name a Note is registered on the registrar's books.

"*IFRS*" means the international accounting standards as promulgated by the International Accounting Standards Board.

"*Immediate Family Members*" means with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law (including adoptive relationships), and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation, fund or trust that is controlled by any of the foregoing individuals or any donor-advised foundation, fund or trust of which any such individual is the donor.

"*Indebtedness*" means, with respect to any Person on any date of determination, the principal amount in respect of, without duplication:

(1) indebtedness of such Person:

(a) in respect of borrowed money;

(b) indebtedness evidenced by notes, debentures, bonds or other similar instruments or reimbursement obligations in respect of letters of credit or bankers' acceptances;

(c) representing any balance deferred and unpaid portion of the purchase price of any property (including pursuant to Financing Lease Obligations), except (i) any such balance that constitutes an obligation in respect of a commercial letter of credit, a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business, (ii) any earn-out obligations unless such obligation is not paid within 120 days of becoming due and payable and is reflected as a liability on the balance sheet of such Person in accordance with GAAP and (iii) any purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the seller or any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet;

(d) representing any net Hedging Obligations;

if and to the extent that any of the foregoing Indebtedness in clauses (a) through (c) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; *provided* that Indebtedness of any Parent Entity appearing on the balance sheet of the Issuer solely by reason of push down accounting under GAAP shall be excluded;

(2) to the extent not otherwise included, all guarantees in respect of such indebtedness specified in clause (1) of another Person, other than by endorsement of negotiable instruments for collection in the ordinary course of business; and

(3) to the extent not otherwise included, the obligations of the type referred to in clause (1) of a third Person secured by a Lien on any assets owned by such first Person, whether or not such Indebtedness is assumed by such first Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (x) the fair market value of such assets at such date of determination and (y) the amount of such Indebtedness of such other Person;

*provided*, *however*, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (A) Contingent Obligations incurred in the ordinary course of business, (B) accrued expenses and royalties, (C) Non-Financing Lease Obligations, obligations under or in respect of straight-line leases, operating leases or Sale and Lease-Back Transactions (except any resulting Financing Lease Obligations) and Permitted Receivables Financing, (D) asset retirement obligations and obligations in respect of reclamation and workers' compensation (including pensions and retiree medical care) that are not overdue by more than 90 days or (E) any amounts payable or other liabilities to trade creditors (including undrawn letters of credit) arising in the ordinary course of business.

For all purposes hereof, the Indebtedness of the Issuer and its Restricted Subsidiaries shall exclude intercompany liabilities arising from their cash management and accounting operations and intercompany loans, advances or Indebtedness having a term not exceeding 364 days (inclusive of any rollover or extensions of terms) and made in the ordinary course of business.

"*Independent Financial Advisor*" means an accounting, appraisal, investment banking firm or consultant of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

"*Initial Purchasers*" means, collectively, RBC Capital Markets, LLC, BMO Capital Markets Corp., BofA Securities, Inc., Barclays Capital Inc., Scotia Capital (USA) Inc. and Truist Securities, Inc.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P or Fitch or the equivalent investment grade credit rating from any other Rating Agency.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(3) investments in any fund that invests at least 90% of its assets in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment or distribution; and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"*Investments*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commission, travel and similar advances to officers, directors, managers, employees and consultants, in each case made in the ordinary course of business or consistent with past practice), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property.

For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "— Certain Covenants — Limitation on Restricted Payments":

(1) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation; less

(b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation;

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined by the Issuer; and

(3) if the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto shall not be deemed to be an Investment at such time.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (but not below 0) by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash or Cash Equivalents by the Issuer or a Restricted Subsidiary in respect of such Investment.

"*Investors*" means each of BSP Holdings Trust, Century Focused Fund IV- BSP Holdings, LLC, and their respective Affiliates and any funds, partnerships or other co-investment vehicles managed, advised or controlled by the foregoing or their respective Affiliates, excluding, in each case, any portfolio companies of any of the foregoing.

"*Issue Date*" means April 21, 2021.

"*Issuer*" has the meaning set forth in the first paragraph under "— General."

"*Legal Holiday*" means a Saturday, a Sunday or a day on which commercial banking institutions are not required to be open in the State of New York.

"*Lien*" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded, registered, published or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall Non-Financing Lease Obligations be deemed to constitute a Lien.

"*Limited Condition Acquisition*" means any acquisition or Investment, including by way of merger, amalgamation, consolidation, Division or similar transaction, by the Issuer or one or more of its Restricted Subsidiaries (or any successor of the Issuer or of such Restricted Subsidiary) whose consummation is not conditioned upon the availability of, or on obtaining, third-party financing.

"*Long Derivative Instrument*" means a Derivative Instrument (i) the value of which generally increases, and/ or the payment or delivery obligations under which generally decrease, with positive changes to the Performance References and/or (ii) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with negative changes to the Performance References.

"*Management Investors*" means the former, current or future officers, directors, employees and managers (and Controlled Investment Affiliates and Immediate Family Members of the foregoing) of the Issuer, any Restricted Subsidiary or any Parent Entity of the Issuer who are or become direct or indirect investors in the Issuer, any Parent Entity of the Issuer or any Equityholding Vehicle, including any such officers, directors, employees and managers owning through an Equityholding Vehicle.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common Equity Interests of the Issuer (or its Parent Entity) on a Business Day no more than five Business Days prior to the date of the declaration or making of a Restricted Payment permitted pursuant to clause (8) of the second paragraph under "— Certain Covenants — Limitation on Restricted

Payments" multiplied by (ii) the arithmetic mean of the closing prices per share of such common Equity Interests on the principal securities exchange on which such common Equity Interests are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

"*Minority Interest*" means any Person in respect of which the Issuer or any of its Restricted Subsidiaries owns, directly or indirectly, any Equity Interests of such Person (other than any such Person that is a Subsidiary of the Issuer or a Restricted Subsidiary).

"*Minority Interest Partners*" means, with respect to any Subsidiary of the Issuer, Persons that hold or acquire from time to time Equity Interests in such Subsidiary pursuant to Permitted Minority Interest Transactions, which Persons must be either individuals employed (or, in the case of an acquisition of Equity Interests of such Subsidiaries by such Person, to be employed upon such acquisition) at a management level by such subsidiary or Persons beneficially owned or controlled by such an employee.

"*Moody's*" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"*Net Proceeds*" means the aggregate cash proceeds and the fair market value of any Cash Equivalents received by the Issuer and any of its Restricted Subsidiaries in respect of any Asset Sale, including any cash or Cash Equivalents received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of (1) the fees, out-of-pocket expenses and other direct costs relating to such Asset Sale or the sale or disposition of such Designated Non-cash Consideration (including, without limitation, legal, accounting, consulting, investment banking and other customary fees, underwriting discounts and commissions, survey costs, title and recordation expenses, title insurance premiums, payments made in order to obtain a necessary consent or required by applicable law, brokerage and sales commissions and any relocation expenses incurred as a result thereof), (2) all federal, state, provincial, foreign and local taxes paid or reasonably estimated to be payable as a result thereof (including transfer taxes, deed or mortgage recording taxes and estimated taxes payable in connection with any repatriation of funds and after taking into account any available tax credits or deductions and any tax sharing arrangements), (3) amounts required to be applied to the repayment of principal, premium, if any, and interest on Senior Indebtedness (other than any unsecured Indebtedness) required (other than required by the second paragraph under "— Repurchase at the Option of Holders — Asset Sales") to be paid as a result of such transaction, (4) the pro rata portion of Net Proceeds thereof (calculated without regard to this clause (4)) attributable to minority interests and not available for distribution to or for the account of the Issuer and its Restricted Subsidiaries as a result thereof, (5) any costs associated with unwinding any related Hedging Obligations in connection with such transaction, (6) any deduction of appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve in accordance with GAAP in respect of adjustments to the sale price of such asset being disposed of or against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer or any of its Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction, (7) any portion of the purchase price from an Asset Sale placed in escrow, whether as a reserve for adjustment of the purchase price, for satisfaction of indemnities in respect of such Asset Sale or otherwise in connection with such Asset Sale; *provided*, that upon the termination of that escrow (other than in connection with a payment in respect of any such adjustment or satisfaction of indemnities), Net Proceeds will be increased by any portion of funds in the escrow that are released to the Issuer or any of its Restricted Subsidiaries and (8) the amount of any liabilities (other than Indebtedness in respect of the Senior Credit Facilities and the Notes) directly associated with such asset being sold and retained by the Issuer or any of its Restricted Subsidiaries. Any non-cash consideration received in connection with any Asset Sale that is subsequently converted to cash shall become Net Proceeds only at such time as it is so converted.

"*Net Proceeds Percentage*" means (i) if the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period is greater than 4.75 to 1.00, 100%, (ii) if the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period is less than or equal to 4.75 to 1.00 and greater than 4.25 to 1.00 (after giving effect to the repurchase by the Issuer of an aggregate principal amount of Notes equal to 100% of the Excess Proceeds), 50% and (iii) the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period is less than or equal to 4.25 to 1.00 (after giving effect to the repurchase by the Issuer of an aggregate principal amount of Notes equal to 100% of the Excess Proceeds), 0%.

"*New Project*" means (a) each facility or operating location which is either a new facility, location or office or an expansion, relocation, remodeling or substantial modernization of an existing facility, location or office owned by the Issuer or its Subsidiaries which in fact commences operations and (b) each creation (in one or a series of related transactions) of a business unit to the extent such business unit commences operations or each expansion (in one or a series of related transactions) of business into a new market.

"*Net Short*" means, with respect to a Holder or beneficial owner and the Notes, as of the date of determination, either (i) the value of its Short Derivative Instruments exceeds the sum of (x) the value of its Notes plus (y) the value of its Long Derivative Instruments as of such date of determination or (ii) it is reasonably expected that the foregoing clause (i) would have been the case if a "Failure to Pay" or "Bankruptcy Credit Event" (each as defined in the 2014 ISDA Credit Derivatives Definitions) were to have occurred with respect to the Issuer or any Guarantor immediately prior to such date of determination.

"*Non-Financing Lease Obligation*" means a lease obligation that is not required to be accounted for as a financing lease on both the balance sheet and the income statement for financial reporting purposes in accordance with GAAP. For the avoidance of doubt, a straight-line or operating lease shall be considered a Non- Financing Lease Obligation.

"*Non-Recourse Indebtedness*" means Indebtedness that is non-recourse to the Issuer and its Restricted Subsidiaries (except for any customary limited recourse that is applicable only to Subsidiaries of the Issuer that are not Guarantors, that is customary in the relevant local market, and reasonable extensions thereof).

"*Note Guarantee*" means the guarantee by any Guarantor of the Issuer's Obligations under the Indenture and the Notes.

"*Obligations*" means any principal, interest (including any interest accruing on or subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, provincial, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, premium, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness; *provided*, that any of the foregoing (other than principal and interest) shall no longer constitute "Obligations" after payment in full of such principal and interest except to the extent such obligations are fully liquidated and non-contingent on or prior to such payment in full; *provided*, *further*, that Obligations with respect to the Notes shall not include fees, reimbursements or indemnifications in favor of the Trustee (which obligations with respect to such fees, reimbursements or indemnifications shall survive the payment in full of the principal of and interest on the Notes) or other third parties other than the Holders.

"*Offering Memorandum*" means the Offering Memorandum dated April 14, 2021 relating to the offering of the Notes.

"*Officer*" means the Chairman of the Board, any Manager or Director, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer, the Controller or the Secretary or any other officer designated by any such individuals of the Issuer or any other Person, as the case may be.

"*Officer's Certificate*" means a certificate signed on behalf of the Issuer by an Officer of the Issuer or on behalf of any other Person, as the case may be, that meets the requirements set forth in the Indenture.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Trustee (which opinion may be subject to customary assumptions and exclusions). The counsel may be an employee of, or counsel to, the Issuer.

"*Other Creditor Obligations*" has the meaning given to such term under "— Note Guarantees."

"*Other Creditor Obligations Reserve*" has the meaning given to such term under "— Note Guarantees."

"*Parent Entity*" means any Person that, with respect to another Person, owns more than 50% of the total voting power of the Voting Stock of such other Person. Unless the context otherwise requires, any references to Parent Entity refer to a Parent Entity of the Issuer.

"*Pari Passu Creditors*" has the meaning given to such term under "— Note Guarantees."

"*PBA Entity*" means any Person that holds capital stock of the Issuer or a Parent Entity that has granted an Investor or one of its Affiliates an irrevocable power of attorney to vote such capital stock and the irrevocable right to direct the transfer of such capital stock.

"*Permitted Asset Swap*" means the substantially concurrent purchase and sale or exchange, including as a deposit for future purchases, of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received must be applied in accordance with the "— Repurchase at the Option of Holders — Asset Sales" covenant.

"*Permitted Holders*" means (1) each of the Investors, the Management Investors (including any Management Investors holding Equity Interests through an Equityholding Vehicle) and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) of which any of the foregoing, any Permitted Parent or any Permitted Holder specified in the last sentence of this definition are members and any member of such group; *provided*, that, in the case of such group and any member of such group and without giving effect to the existence of such group or any other group, such Investors, Management Investors (including such Equityholding Vehicle), Permitted Parent and Person or group specified in the last sentence of this definition, collectively, own, directly or indirectly, more than 50% of the total voting power of the Voting Stock of the Issuer held by such group, (2) any Permitted Parent, (3) any Permitted Plan, (4) any PBA Entity and (5) any Person acting in the capacity of an underwriter (solely to the extent that and for so long as such Person is acting in such capacity) in connection with a public or private offering of Capital Stock of the Issuer or any Parent Entity. Any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) whose acquisition of beneficial ownership or assets or properties of the Issuer constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Issuer or any of its Restricted Subsidiaries (including guarantees of obligations of its Restricted Subsidiaries);

(2) any Investment in cash and Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Issuer or any of its Restricted Subsidiaries in a Person (including, to the extent constituting an Investment, in assets of a Person that represent substantially all of its assets or a division, business unit, product line or line of business, including research and development and related assets in respect of any product) that is engaged, directly or indirectly, in a Similar Business if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary (including by redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or by means of a Division); or

(b) such Person, in one transaction or a series of related transactions, is merged, amalgamated or consolidated with or into, or transfers or conveys substantially all of its assets (or such division, business unit, product line or line of business) to, or is liquidated into, the Issuer or a Restricted Subsidiary,

and, in each case, any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, amalgamation, Division, consolidation, transfer, conveyance or redesignation;

(4) any Investment in securities or other assets (including earn-outs) not constituting cash, Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the provisions of "— Repurchase at the Option of Holders — Asset Sales" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, reinvestment or renewal of any such Investment existing on the Issue Date or binding commitment in effect on the Issue Date; *provided* that the amount of any such Investment may be increased in such extension, modification, replacement, reinvestment or renewal only (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;

(6) any Investment acquired by the Issuer or any of its Restricted Subsidiaries:

(i) in exchange for any other Investment or accounts receivable, endorsements for collection or deposit held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable;

(ii) in satisfaction of judgments against other Persons;

(iii) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; or

(iv) received in compromise or resolution of (A) obligations of trade creditors, suppliers or customers that were incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary or consistent with past practice, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor, supplier or customer, or (B) litigation, arbitration or other disputes;

(7) Hedging Obligations permitted under clause (10) of the second paragraph of the covenant described in "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(8) any Investment (i) in a Similar Business having an aggregate fair market value (with the fair market value of such Investment being measured at the time of committing, declaring or determining to make such Investment and without giving effect to subsequent changes in value), taken together with all other Investments made, declared or committed or determined to be made (unless such declaration, commitment or determination has been rescinded, revoked or otherwise terminated) pursuant to this clause (8) that are at that time outstanding, not to exceed at the time of such Investment the greater of (a) $86.0 million and (b) 35% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (the greater of such amounts, the "*Similar Basket Amount*") and (ii) without duplication with clause (i), in an amount equal to the amount by which aggregate net cash proceeds from any sale or disposition of, or any distribution or returns in respect of, Investments made in reliance on clause (i) exceeds the Similar Basket Amount and provided that such amount will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant described under "— Certain Covenants — Limitations on Restricted Payments"; *provided*, *howeve*r, that if any Investment pursuant to this clause (8) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (8) for so long as such Person continues to be a Restricted Subsidiary;

(9) Investments the payment for which consists of Equity Interests (exclusive of Disqualified Stock) of the Issuer or any Parent Entity;

(10) guarantees of Indebtedness permitted (and permitted to be guaranteed) under the covenant described in "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and Investments consisting of Liens permitted under the covenant described under "— Certain Covenants — Limitation on Liens;"

(11) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under "— Certain Covenants — Transactions with Affiliates" (except transactions described in clauses (2), (5) and (9) of such paragraph);

(12) any Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or purchases of contract rights or leases or other similar assets, or the licensing, sublicensing, sale, disposal, abandonment, cancellation, lapses, covenants not to sue, releases or other rights under intellectual property in each case, in the ordinary course of business or in the reasonable business judgment of the Issuer or its Restricted Subsidiaries or Parent Entity;

(13) additional Investments (i) having an aggregate fair market value (with the fair market value of such Investment being measured at the time of committing, declaring or determining to make such Investment and without giving effect to subsequent changes in value), taken together with all other Investments made, declared or committed or determined to be made (unless such declaration, commitment or determination has been rescinded, revoked or otherwise terminated) pursuant to this clause (13) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities), not to exceed at the time of such Investment the greater of (x) $98.0 million and (y) 40% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (the greater of such amounts, the "*General Basket Amount*") and (ii) without duplication with clause (i), in an amount equal to the amount by which aggregate net cash proceeds from any sale or disposition of, or any distribution or returns in respect of, Investments made in reliance on clause (i) exceeds the General Basket Amount and provided that such amount will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant

described under "— Certain Covenants — Limitations on Restricted Payments"; *provided*, *however*, that if any Investment pursuant to this clause (13) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (13) for so long as such Person continues to be a Restricted Subsidiary;

(14) Investments in Receivables Subsidiaries in the form of assets required in connection with a Permitted Receivables Financing (including the contribution or lending of cash and Cash Equivalents to Receivables Subsidiaries to finance the purchase of such assets from the Issuer or any Restricted Subsidiary or to otherwise fund required reserves);

(15) loans and advances to, or guarantees of Indebtedness of, officers, directors, managers, employees and consultants not in excess of the greater of (x) $37.0 million and (y) 15% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period, in the aggregate, outstanding at the time of such Investment;

(16) loans and advances to officers, directors, managers, employees and consultants for business- related travel expenses, moving or relocation expenses, entertainment, payroll advances and other analogous or similar expenses or payroll expenses, in each case incurred in the ordinary course of business or consistent with past practice, or to fund such Person's purchase of Equity Interests of the Issuer, any Restricted Subsidiary or any Parent Entity;

(17) advances, loans or extensions of trade credit (including the creation of receivables) or prepayments to suppliers or lessors or loans or advances made to distributors, and performance guarantees and Contingent Obligations incurred in the ordinary course of business or consistent with past practice;

(18) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice and any earnest money deposits in connection therewith;

(19) repurchases of the Notes and other Senior Indebtedness of the Issuer or any Restricted Subsidiary;

(20) Investments in the ordinary course of business or consistent with past practice consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(21) Investments in (A) Unrestricted Subsidiaries having an aggregate fair market value (with the fair market value of such Investment being measured at the time of committing, declaring or determining to make such Investment and without giving effect to subsequent changes in value), taken together with all other Investments made, declared or committed or determined to be made (unless such declaration, commitment or determination has been rescinded, revoked or otherwise terminated) pursuant to this clause (21) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities, not to exceed at the time of such Investment the greater of (x) $61.0 million and (y) 25% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (the greater of such amounts, the "*Unrestricted Basket Amount*"); *provided*, *however*, that if any Investment pursuant to this clause (21) is made in any Person that is an Unrestricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (21), and (B) without duplication with clause (A), an amount equal to the amount by which aggregate net cash proceeds from any sale or disposition of, or any distribution or returns in respect of,

Investments made in reliance on clause (A) exceeds the Unrestricted Basket Amount and provided that such amount will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant described under "— Certain Covenants — Limitations on Restricted Payments;"

(22) [reserved];

(23) Investments of assets relating to non-qualified deferred payment plans in the ordinary course of business or consistent with past practice;

(24) loans to (i) current or prospective Minority Interest Partners the proceeds of which are used to (y) pay taxes resulting from conversions from corporations to limited liability companies or (z) acquire Equity Interests pursuant to a Permitted Minority Interest Transaction, and assumptions of the same and/or (ii) Minority Interests, in each case under this clause (24), in an aggregate amount, together with Restricted Payments outstanding pursuant to clause (23) of the second paragraph under the covenant described under "— Certain Covenants — Limitations on Restricted Payments," not to exceed at any time outstanding the greater of (x) $61.0 million and (y) 25% of Consolidated EBITDA;

(25) any Investment in any Subsidiary or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business or consistent with past practice;

(26) contributions to a "rabbi" trust for the benefit of employees, directors, managers, consultants, independent contractors or other service providers or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Issuer or any Restricted Subsidiary;

(27) non-cash Investments in connection with tax planning and reorganization activities;

(28) guarantee obligations of the Issuer or any of its Restricted Subsidiaries in respect of leases (other than Financing Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case, entered into in the ordinary course of business;

(29) guarantee obligations of the Issuer or any of its Restricted Subsidiaries in connection with the provision of credit card payment processing services;

(30) any other Investment; *provided* that on a *pro forma* basis after giving effect to such Investment the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period would be equal to or less than 6.00 to 1.00;

(31) Investments made as part of, or in connection with, the Transactions;

(32) any Investment by any Captive Insurance Subsidiary in connection with the provision of insurance to the Issuer or any of its Subsidiaries, which Investment is made in the ordinary course of business or consistent with past practice of such Captive Insurance Subsidiary, or by reach of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable; and

(33) Investments consisting of purchases and acquisitions of intellectual property in the ordinary course of business or in the reasonable business judgment of the Issuer or its Restricted Subsidiaries or Parent Entity.

"*Permitted Liens*" means:

(1) Liens for taxes, assessments or other governmental charges that are not overdue for a period of more than 60 days or not yet payable or subject to penalties for nonpayment or that are

being contested in good faith by appropriate actions diligently conducted, if adequate reserves with respect thereto are maintained on the books of the Issuer or any of its Restricted Subsidiaries in accordance with GAAP, or for property taxes on property that the Issuer or any of its Restricted Subsidiaries has determined to abandon if the sole recourse for such tax, assessment, charge, levy or claim is to such property;

(2) Liens imposed by law or regulation, such as landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's, architects' or construction contractors' Liens and other similar Liens that secure amounts not overdue for a period of more than 60 days or, if more than 60 days overdue, are unfiled and no other action has been taken to enforce such Liens or that are being contested in good faith by appropriate actions or other Lien arising out of judgments or awards against the Issuer or any of its Restricted Subsidiaries with respect to which the Issuer or such Restricted Subsidiary shall then be proceeding with an appeal or other proceeding for review, if adequate reserves with respect thereto are maintained on the books of the Issuer or such Restricted Subsidiary in accordance with GAAP;

(3) Liens incurred or deposits made in the ordinary course of business or consistent with past practice

(a) in connection with workers' compensation, unemployment insurance, employers' health tax, and other social security or similar legislation or other insurance related obligations (including, but not limited to, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto) and

(b) securing reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) insurance carriers providing property, casualty or liability insurance to the Issuer or any of its Restricted Subsidiaries or otherwise supporting the payment of items set forth in the foregoing clause (a);

(4) Liens incurred or deposits made to secure the performance of bids, tenders, trade contracts, governmental contracts, leases, public or statutory obligations, surety, indemnity, warranty, release, appeal or similar bonds or with respect to other regulatory requirements, completion guarantees, stay, customs and appeal bonds, performance bonds, bankers' acceptance facilities and other obligations of a like nature (including those to secure health, safety and environmental obligations), deposits as security for contested taxes or import duties or for payment of rent, performance and return of money bonds and obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, incurred in the ordinary course of business or consistent with past practice;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, rights-of-way, restrictions, encroachments, protrusions, servitudes, sewers, electric lines, drains, telegraph, telephone and cable television lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects and irregularities in title and similar encumbrances) affecting real properties or Liens incidental to the conduct of the business of the Issuer and its Subsidiaries or to the ownership of their respective properties which were not incurred in connection with Indebtedness and which do not in any case materially interfere with the ordinary conduct of the business of the Issuer and its Subsidiaries, taken as a whole;

(6) Liens securing Indebtedness permitted to be incurred pursuant to clause (5)(b) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(7) Liens on goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Issuer or any of its Restricted Subsidiaries or Liens on bills of lading,

drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments; *provided* that such Lien secures only the obligations of the Issuer or such Restricted Subsidiaries in respect of such letter of credit to the extent such obligations are permitted under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(8) (a) rights of set-off, banker's liens, netting agreements and other Liens arising by operation of law or by the terms of documents of banks or other financial institutions in relation to the maintenance of administration of deposit accounts, securities accounts, cash management arrangements or in connection with the issuance of letters of credit, bank guarantees or other similar instruments and (b) Liens securing, or otherwise arising from, judgments but not constituting an Event of Default under clause (5) under "Events of Default and Remedies;"

(9) Liens arising from Uniform Commercial Code financing statements, including precautionary financing statements, or any similar filings made in respect of operating leases or consignments entered into by the Issuer or any of its Restricted Subsidiaries;

(10) Liens securing Indebtedness incurred under Credit Facilities, including any letter of credit facility relating thereto, that was, at the time such Indebtedness is deemed to be incurred, permitted or deemed to be permitted by the terms of the Indenture to be incurred pursuant to clause (1) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(11) Liens existing on the Issue Date (other than Liens incurred in connection with the Senior Credit Facilities);

(12) Liens securing Indebtedness permitted to be incurred pursuant to clause (4), (12), (14), (15), (19), (23), (24) and (28) of the second paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *provided* that (a) Liens securing Indebtedness permitted to be incurred pursuant to such clause (4) extend only to the assets purchased with the proceeds of such Indebtedness, accessions to such assets and the proceeds and products thereof, and any lease of such assets (including accessions thereto), the proceeds and the products thereof and customary security deposits in respect thereof; *provided*, *however*, that individual financings of equipment provided by one lender may be cross collateralized to other financings of equipment provided by such lender; (b) Liens securing Indebtedness permitted to be incurred pursuant to such clause (14) shall only be permitted if (A) such Liens are limited to all or part of the same property or assets, including Capital Stock (plus improvements, accessions, proceeds or dividends or distributions in respect thereof, or replacements of any thereof) acquired, or of any Person acquired or merged, amalgamated or consolidated with or into the Issuer or any Restricted Subsidiary (including designating an Unrestricted Subsidiary as a Restricted Subsidiary), in any transaction to which such Indebtedness relates or (B) after giving *pro forma* effect to the incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock permitted under such clause (14), the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period would have been no greater than either (i) 5:25 to 1.00 or (ii) the Consolidated Secured Debt Ratio immediately prior to such transaction; (c) Liens securing Indebtedness permitted to be incurred pursuant to such clause (19) are solely on acquired property or Investment or extend only to the assets of the acquired entity, as the case may be, and the proceeds and products thereof; (d) Liens securing Indebtedness permitted to be incurred pursuant to such clause (23) extend only to the assets subject to the Sale and Lease-Back Transaction related thereto, accessions to such assets and the proceeds and products thereof, and any lease of such assets (including accessions thereto) and the proceeds and the products thereof; and (e) Liens securing Indebtedness permitted to be incurred pursuant to such clause (28)(i) extend only to the assets of Restricted Subsidiaries that are not Guarantors;

(13) Leases (including leases of aircraft), licenses, subleases or sublicenses granted to others that do not (a) interfere in any material respect with the business of the Issuer and its Restricted Subsidiaries, taken as a whole or (b) secure any Indebtedness;

(14) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(15) Liens (a) of a collection bank arising under Section 4-210 of the Uniform Commercial Code or any comparable or successor provision on items in the course of collection, (b) attaching to pooling, commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business or consistent with past practice and (c) in favor of a banking or other financial institution or electronic payment service providers arising as a matter of law or under general terms and conditions encumbering deposits (including the right of setoff) and that are within the general parameters customary in the banking or finance industry;

(16) Liens (a) on cash advances or escrow deposits in favor of the seller of any property to be acquired in an Investment permitted under the Indenture to be applied against the purchase price for such Investment or otherwise in connection with any escrow arrangements with respect to any such Investment (including any letter of intent or purchase agreement with respect to such investment), and (b) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in a transaction permitted under "— Repurchase at the Option of Holders — Asset Sales," in each case, solely to the extent such Investment or sale, disposition, transfer or lease, as the case may be, would have been permitted on the date of the creation of such Lien;

(17) Liens existing on property at the time of its acquisition (by a merger, consolidation or amalgamation or otherwise) or existing on the property or shares of stock or other assets of any Person at the time such Person becomes a Restricted Subsidiary (including designating an Unrestricted Subsidiary as a Restricted Subsidiary), in each case after the Issue Date; *provided* that (a) such Lien was not created in contemplation of such acquisition (by a merger, consolidation or amalgamation or otherwise) or such Person becoming a Restricted Subsidiary (including designating an Unrestricted Subsidiary as a Restricted Subsidiary), (b) such Lien does not extend to or cover any other assets or property of such Person or any Restricted Subsidiary (other than accessions to such assets or property, the proceeds or products thereof, any lease of such assets (including accessions thereto), the proceeds and the products thereof and customary security deposits in respect thereof and other than after-acquired property subject to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted under the Indenture that require or include, pursuant to their terms at such time, a pledge of after-acquired property, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition; *provided*, *however*, that individual financings of equipment provided by one lender may be cross collateralized to other financings of equipment provided by such lender) and (c) the Indebtedness secured thereby is permitted under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(18) any interest or title of a lessor under leases (other than leases constituting Financing Lease Obligations) entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(19) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale or purchase of goods by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(20) Liens deemed to exist in connection with Investments in repurchase agreements permitted under clause (5) of the definition of "Cash Equivalents;"

(21) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(22) Liens that are contractual rights of setoff or rights of pledge (a) relating to the establishment of depository relations with banks not given in connection with the incurrence of Indebtedness, (b) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or consistent with past practice or (c) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(23) ground leases, subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by the Issuer or any of its Restricted Subsidiaries are located;

(24) (a) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto or (b) deposits made or other security provided to secure liabilities to insurance carriers under insurance or self-insurance arrangements in the ordinary course of business or consistent with past practice;

(25) Liens on cash, Cash Equivalents and Permitted Investments used to satisfy or discharge Indebtedness;

(26) Liens on receivables and related assets incurred in connection with Permitted Receivables Financings;

(27) (A) receipt of progress payments and advances from customers in the ordinary course of business or consistent with past practice to the extent the same creates a Lien on the related inventory and proceeds thereof and (B) Liens on specific items of inventory or other goods and proceeds of the Issuer or any of its Restricted Subsidiaries securing the Issuer's or such Restricted Subsidiary's accounts payable or similar trade obligations in respect of bankers' acceptances or documentary or trade letters of credit issued or created for the account of the Issuer or such Restricted Subsidiary to facilitate the purchase, shipment or storage of such inventory or other goods;

(28) Liens securing Hedging Obligations; *provided* that with respect to Hedging Obligations relating to Indebtedness, such Indebtedness is permitted under the Indenture;

(29) Liens securing Obligations relating to any Indebtedness or other obligations of the Issuer or a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with the covenant described under the heading "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(30) Liens in favor of the Issuer or any Guarantor or the Trustee;

(31) Liens on vehicles or equipment of the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business or consistent with past practice;

(32) Liens to secure any modification, refinancing, refunding, restatement, exchange, extension, renewal or replacement (or successive refinancing, refunding, restatement, exchange, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (6), (11), (12), (16), (17), (32), (33) and (34) of this definition; *provided*, that (a) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus accessions, additions and improvements on such property, including after-acquired

property that is (i) affixed or incorporated into the property covered by such Lien, (ii) after-acquired property subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property (it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition) and (iii) the proceeds and products thereof) and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (11), (12), (16), (17), (32), (33) and (34) of this definition at the time the original Lien became a Permitted Lien under the Indenture, and (y) an amount necessary to pay accrued but unpaid interest on such Indebtedness and any dividend, premium (including tender premiums), defeasance costs, underwriting discounts and any fees, costs and expenses (including upfront fees, original issue discount or similar fees) incurred in connection with such modification, refinancing, refunding, extension, renewal or replacement;

(33) other Liens securing outstanding Indebtedness in an aggregate principal amount not to exceed, together with any Liens securing any modification, refinancing, refunding, restatement, exchange, extension, renewal or replacement (or successive modification, refinancing, refunding, restatement, exchange, extensions, renewals or replacements) under clause (32) above, the greater of (x) $122.5 million and (y) 50% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period at the time of incurrence;

(34) Liens incurred to secure Obligations in respect of any Indebtedness permitted to be incurred pursuant to the covenant described above under the heading "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *provided* that, with respect to Liens securing Obligations permitted under this clause (34), at the time of incurrence of such Obligations and after giving *pro forma* effect thereto, the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period would be no greater than 6.25 to 1.00;

(35) (a) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement, (b) Liens on Equity Interests in joint ventures; *provided* that any such Lien is in favor of a creditor of such joint venture and such creditor is not an Affiliate of any partner to such joint venture and (c) purchase options, call, and similar rights of, and restrictions for the benefit of, a third-party with respect to Equity Interests held by the Issuer or any of its Subsidiaries in joint ventures;

(36) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(37) agreements to subordinate any interest of the Issuer or any Restricted Subsidiary in any accounts receivable or other proceeds arising from inventory consigned by the Issuer or any Restricted Subsidiary pursuant to an agreement entered into in the ordinary course of business or consistent with past practice;

(38) Liens on property or assets used to defease or to irrevocably satisfy and discharge Indebtedness;

(39) Liens securing the Notes (other than any Additional Notes) and the related Note Guarantees;

(40) Liens created in connection with a project financed with, and created to secure, Non-Recourse Indebtedness;

(41) Liens relating to future escrow arrangements securing Indebtedness, including (i) Liens on escrowed proceeds from the issuance of Indebtedness for the benefit of the related holders of

debt securities or other Indebtedness (or the underwriters, arrangers, trustee or collateral agent thereof) and (ii) Liens on cash or Cash Equivalents set aside at the time of the incurrence of any Indebtedness, in either case to the extent such cash or Cash Equivalents prefund the payment of interest or premium or discount on such Indebtedness (or any costs related to the issuance of such Indebtedness) and are held in an escrow account or similar arrangement to be applied for such purpose;

(42) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(43) Liens securing Cash Management Obligations owed by the Issuer or any of its Restricted Subsidiaries to any lender under the Senior Credit Facilities or any Affiliate of such a lender;

(44) Liens solely on any cash earnest money deposits made by the Issuer or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement;

(45) servicing agreements, development agreements, site plan agreements, subdivision agreements and other agreements with governmental authorities pertaining to the use or development of any of the real property of the Issuer or any of its Restricted Subsidiaries (including obligations to deliver letters of credit and other security) that do not materially interfere with the ordinary conduct of the business of the Issuer and its Restricted Subsidiaries; and

(46) the right reserved to or vested in any governmental authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit of the Issuer or any of its Restricted Subsidiaries, to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuation thereof.

For purposes of determining compliance with this definition, (i) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be incurred in part under any combination thereof and of any other available exemption, (ii) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens, the Issuer shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition and (iii) in the event that a portion of Indebtedness secured by a Lien could be classified as secured in part pursuant to clause (34) above (giving *pro forma* effect only to the incurrence of such portion of such Indebtedness), the Issuer, in its sole discretion, may classify such portion of such Indebtedness (and any Obligations in respect thereof) as having been secured pursuant to clause (34) above and thereafter the remainder of the Indebtedness as having been secured pursuant to one or more of the other clauses of this definition.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

"*Permitted Minority Interest Transaction*" means each of (a) the sale by the Issuer or a Guarantor of Equity Interests in a Subsidiary to Minority Interest Partners employed, or to be employed upon such sale, by such Subsidiary and (b) the issuance by a Subsidiary of its Equity Interests to its Minority Interest Partners.

"*Permitted Parent*" means (a) any Parent Entity that at the time it became a Parent Entity of the Issuer was a Permitted Holder pursuant to clause (1) of the definition thereof and was not formed in connection with, or in contemplation of, a transaction that would otherwise constitute a Change of Control and (b) any Public Company (or Wholly-Owned Subsidiary of such Public Company), except to the extent (and until such time as) any Person or group (other than a Permitted Holder) is deemed to be or becomes a beneficial owner of Voting Stock of such Public Company representing more than 50% of the total voting power of the Voting Stock of such Public Company (as determined in accordance with the provisions of the final paragraph of the definition of "Change of Control").

"*Permitted Plan*" means any employee benefits plan of the Issuer or any of its Affiliates and any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan.

"*Permitted Receivables Financing*" means, collectively, (i) with respect to receivables of the type constituting any term securitizations, receivables securitizations or other receivables financings (including any factoring program), in each case that are non-recourse to the Issuer and its Restricted Subsidiaries (except for any customary limited recourse that is applicable only to Subsidiaries that are not Guarantors, that is customary in the relevant local market, and reasonable extensions thereof) and (ii) with respect to receivables (including, without limitation, trade and lease receivables) not otherwise constituting term securitizations, other receivables securitizations or other similar financings (including any factoring program), in each case in an amount not to exceed 85% of the book value of all accounts receivable of the Issuer and its Restricted Subsidiaries as of any date and that are non-recourse to the Issuer and its Restricted Subsidiaries (except for any customary limited recourse that is applicable only to Subsidiaries that are not Guarantors, that is customary in the relevant local market; provided that with respect to Permitted Receivables Financings incurred in the form of a factoring program under this clause (ii), the outstanding amount of such Permitted Receivables Financing for the purposes of this definition shall be deemed to be equal to the Permitted Receivables Net Investment for the last Applicable Measurement Period).

"*Permitted Receivables Net Investment*" means the aggregate cash amount paid by the purchasers under any Permitted Receivables Financing in the form of a factoring program in connection with their purchase of accounts receivable and customary related assets or interests therein, as the same may be reduced from time to time by collections with respect to such accounts receivable and related assets or otherwise in accordance with the terms of such Permitted Receivables Financing (but excluding any such collections used to make payments of commissions, discounts, yield and other fees and charges incurred in connection with any Permitted Receivables Financing in the form of a factoring program which are payable to any Person other than the Issuer or any of its Restricted Subsidiaries).

"*Permitted Transferees*" means, with respect to any Person that is a natural person (and any Permitted Transferee of such Person), (a) such Person's Immediate Family Members, including his or her spouse, ex-spouse, children, step-children and their respective lineal descendants, and (b) without duplication with any of the foregoing, such Person's heirs, executors and/or administrators upon the death of such Person and any other Person who was an Affiliate of such Person upon the death of such Person and who, upon such death, directly or indirectly owned Equity Interests in the Issuer and any of its Parent Entities.

"*Person*" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*" means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

"*Producer*" means a broker or broker team that expands the existing business of the Issuer and its Subsidiaries or enables the Issuer and its Subsidiaries to offer new products, services or programs.

"*Producer Recruitment*" means the hiring or employment of one or more Producers by the Issuer or any of its Subsidiaries (other than through an acquisition).

"*Public Company*" means any Person with a class or series of Voting Stock that is traded on the New York Stock Exchange or the NASDAQ.

"*Purchase Money Obligations*" means any Indebtedness incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (other than Capital Stock), and whether acquired through the direct acquisition of such property or assets, or otherwise (including through the purchase of Capital Stock of any Person owning such property or assets).

"*Qualified Proceeds*" means assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business.

"*Rating Agency*" means (1) S&P, Fitch and Moody's or (2) if S&P, Fitch or Moody's or each of them shall not make a corporate rating with respect to the Issuer or a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for any or all of S&P or Moody's or Fitch, as the case may be, with respect to such corporate rating or the rating of the Notes, as the case may be.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any accounts receivable or participation interest therein issued or sold in connection with, and other fees paid to a Person that is not a Receivables Subsidiary in connection with, any Permitted Receivables Financing.

"*Receivables Subsidiary*" means any Special Purpose Entity established in connection with a Permitted Receivables Financing.

"*Redemption Date*" has the meaning set forth under "— Optional Redemption."

"*Related Business Assets*" means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; *provided* that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"*Residual Equity Reserves*" has the meaning given to such term under "— Note Guarantees."

"*Required Reserves*" has the meaning given to such term under "— Note Guarantees."

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means, at any time, with respect to any Person, any direct or indirect Subsidiary of such Person (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; *provided*, *however*, that upon the occurrence of an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary." Unless the context otherwise requires, any references to Restricted Subsidiary refer to a Restricted Subsidiary of the Issuer.

"*S&P*" means S&P Global Ratings and any successor to its rating agency business.

"*Sale and Lease-Back Transaction*" means any arrangement with any Person providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real property or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*Screened Affiliate*" means any Affiliate of a Holder (a) that makes investment decisions independently from such Holder and any other Affiliate of such Holder that is not a Screened Affiliate, (b) that has in place customary information screens between it and such Holder and any other Affiliate of such Holder that is not a Screened Affiliate and such screens prohibit the sharing of information with respect to the Issuer or its Subsidiaries, (c) whose investment policies are not directed by such Holder or any other Affiliate of such Holder that is acting in concert with such Holder in connection with its investment in the Notes and (d) whose investment decisions are not influenced by the investment decisions of such Holder or any other Affiliate of such Holder that is acting in concert with such Holders in connection with its investment in the Notes.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Secured Indebtedness*" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries secured by a Lien.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Senior Credit Facilities*" means, collectively, the credit facilities under the Amended and Restated Credit and Guaranty Agreement, dated as of January 27, 2020, by among the Issuer, the guarantors party thereto, Royal Bank of Canada as administrative agent and the other agents and lenders party thereto, as the same may be in effect from time to time, including, in each case, any related notes, mortgages, letters of credit, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any appendices, exhibits, annexes or schedules to any of the foregoing (as the same may be in effect from time to time) and any amendments, supplements, modifications, extensions, renewals, restatements, refundings, replacements, exchanges or refinancings thereof, in whole or in part, and any financing arrangements that amend, supplement, modify, extend, renew, restate, refund, replace, exchange or refinance any part thereof, including, without limitation, any such amended, supplemented, modified, extended, renewed, restated, refunding, replacement, exchanged or refinancing financing arrangement that increases the amount permitted to be borrowed or issued thereunder or alters the maturity thereof (provided that such increase in borrowings or issuance is permitted under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" above) or adds Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, trustee, lender or group of lenders, investors, holders or otherwise.

"*Senior Credit Facility Obligations*" means the "Obligations" as defined in the credit agreement governing the Senior Credit Facilities.

"*Senior Indebtedness*" means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Senior Credit Facilities or the Notes and related Note Guarantees (including interest accruing on or after the filing of any petition in bankruptcy or similar proceeding or for reorganization of the Issuer or any Guarantor (at the rate provided for in the documentation with respect thereto, regardless of whether or not a claim for post-filing interest is allowed in such proceedings)), and any and all other fees, expense reimbursement obligations, indemnification amounts, penalties, and other amounts (whether existing on the Issue Date or thereafter created or incurred) and all obligations of the Issuer or any Guarantor to reimburse any bank or other Person in respect of amounts paid under letters of credit, acceptances or other similar instruments;

(2) all (a) Hedging Obligations (and guarantees thereof) and (b) Cash Management Obligations (and guarantees thereof); *provided* that such Hedging Obligations and Cash Management Obligations, as the case may be, are permitted to be incurred under the terms of the Indenture;

(3) any other Indebtedness of the Issuer or any Guarantor permitted to be incurred under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the Notes or any related Note Guarantee; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3); *provided*, *however*, that Senior Indebtedness shall not include:

(a) any obligation of such Person to the Issuer or any of its Subsidiaries;

(b) any liability for federal, state, local or other taxes owed or owing by such Person;

(c) any accounts payable or other liability to trade creditors arising in the ordinary course of business;

(d) any Indebtedness or other Obligation of such Person which is subordinate or junior in right of payment to any other Indebtedness or other Obligation of such Person; or

(e) that portion of any Indebtedness which at the time of incurrence is incurred in violation of the Indenture.

"*Short Derivative Instrument*" means a Derivative Instrument (a) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with positive changes to the Performance References and/or (b) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with negative changes to the Performance References.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Issuer within the meaning under Rule 1-02(w)(1) or (2) of Regulation S-X promulgated by the SEC.

"*Similar Business*" means any business conducted or proposed to be conducted by the Issuer and its Restricted Subsidiaries on the Issue Date or any business that is similar, complementary, reasonably related, synergistic, incidental or ancillary thereto, or is a reasonable extension, development or expansion thereof.

"*SPAC IPO*" means the acquisition, purchase, merger or combination of the Issuer or any Parent Entity, by, or with, a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing (a "*SPAC IPO Entity*") that results in the equity of the Issuer or such Parent Entity (or its successor by merger or combination) being publicly traded on, or the Issuer or such Parent Entity being wholly-owned by another entity whose equity is publicly traded on, a United States national securities exchange.

"*Special Purpose Entity*" means a direct or indirect Subsidiary of the Issuer, whose organizational documents contain restrictions on its purpose and activities and impose requirements intended to preserve its separateness from the Issuer and/or one or more Subsidiaries of the Issuer.

"*Specified Event*" has the meaning given to such term in the definition of "Consolidated EBITDA."

"*Specified Transaction*" has the meaning given to such term under "— Limited Condition Transactions."

"*Subordinated Indebtedness*" means, with respect to the Notes and the Note Guarantees,

(1) any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes, and

(2) any Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Note Guarantee of such entity of the Notes.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting

power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; and

(2) any partnership, joint venture, limited liability company or similar entity of which

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(b) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

For the avoidance of doubt, any entity that is owned at a 50% or less level (as described above) shall not be a "Subsidiary" for any purpose under the Indenture, regardless of whether such entity is consolidated on the Issuer's or any of its Restricted Subsidiaries' financial statements.

"*Testing Party*" has the meaning given to such term under "— Limited Condition Transactions."

"*Total Assets*" means, as of any Applicable Calculation Date, with respect to any Person and its Restricted Subsidiaries, the total assets of such Person and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of such Person and its Restricted Subsidiaries as of the end of the most recent fiscal quarter for which internal financial statements are available immediately preceding the Applicable Calculation Date; *provided* that, for purposes of testing the covenants under the Indenture in connection with any transaction, the Total Assets of such Person and its Restricted Subsidiaries shall be adjusted to reflect such *pro forma* adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth in (i) the definition of Fixed Charge Coverage Ratio (other than as set forth in the first proviso to the first paragraph of such definition) and (ii) the sections titled "— Limited Condition Transactions" and — Certain Compliance Determinations.".

"*Transaction Test Date*" has the meaning given to such term under "— Limited Condition Transactions."

"*Transactions*" has the meaning set forth in this Offering Memorandum.

"*Treasury Rate*" means, as obtained by the Issuer, as of any Redemption Date, the weekly average rounded to the nearest 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two business days prior to the Redemption Date) (provided that in the case of calculating the Applicable Premium in connection with a satisfaction and discharge of the Indenture or a legal defeasance or covenant defeasance under the Indenture, such weekly average shall be determined for the most recently completed week for which such information is available as of the date that is two business days prior to the date on which funds to pay the Notes are deposited with the Trustee) of the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in Federal Reserve Statistical Release H.15 with respect to each applicable day during such week (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such Redemption Date to April 15, 2024; *provided*, *however*, that if the period from such Redemption Date to April 15, 2024 is less than one year, the weekly average yield on actively traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Trustee*" has the meaning set forth in the first paragraph under "— General."

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*Uniform Commercial Code*" or "*UCC*" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Restricted Subsidiary (other than solely any Subsidiary of the Subsidiary to be so designated); *provided* that

(1) any Unrestricted Subsidiary must be an entity of which the Equity Interests entitled to cast at least a majority of the votes that may be cast by all Equity Interests having ordinary voting power for the election of directors or Persons performing a similar function are owned, directly or indirectly, by the Issuer;

(2) such designation complies with the covenant described under "— Certain Covenants — Limitation on Restricted Payments;" and

(3) each of (a) the Subsidiary to be so designated and (b) its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary (other than Equity Interests in the Unrestricted Subsidiary).

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

(1) the Issuer could incur at least $1.00 of additional Indebtedness pursuant to either (x) the Fixed Charge Coverage Ratio test or (y) the Consolidated Total Debt Ratio test, in each case, described in the first paragraph under "— Certain Covenants — Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" or

(2) either (x) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be equal to or greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation or (y) the Consolidated Total Debt Ratio test for the Issuer and its Restricted Subsidiaries would be equal to or less than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation.

Any such designation by the Issuer shall be notified by the Issuer to the Trustee by promptly filing with the Trustee an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*U.S. Government Obligations*" means securities that are:

(1) direct obligations of, or obligations guaranteed by, the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depository receipt.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years (calculated to the nearest one-twelfth) from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

"*Wholly-Owned Subsidiary*" of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors' qualifying shares and shares issued to foreign nationals as required by applicable law) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

## BOOK-ENTRY; DELIVERY AND FORM

The Notes are being offered and sold to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). The Notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Except as set forth below, the Notes will be issued as global notes in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more global notes in registered form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more temporary global notes in registered form without interest coupons (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes").

Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "Restricted Period"), beneficial interests in the Regulation S Global Notes may be held only through Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, *Société Anonyme* ("Clearstream") (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. The Global Notes will be deposited upon issuance with the Trustee as custodian for DTC, in the continental United States, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See "— Exchanges between Global Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form ("Certificated Notes") except in the limited circumstances described below. See "— Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described in "Notice to Investors." Regulation S Notes will be subject to certain restrictions on transfer and will also bear the legend as described in "Notice to Investors." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

### Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of

Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly(collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

(a) upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

(b) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which in turn hold interests in customers' securities accounts in the depositaries names on the books of DTC. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form, and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, we, the Trustee, the registrar, the paying agent and any transfer agent (together with the registrar and the paying agent, the "agents") will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee, the agents or any agent of ours or theirs has or will have any responsibility or liability for:

(a) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising, or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

(b) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be our responsibility or the responsibility of DTC, the Trustee, or us. None of us, the Trustee or the agents will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Notes, and we, the Trustee, and the agents may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth in "Notice to Investors," transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering to or receiving from DTC interests in the relevant Global Note, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to or from DTC, as the case may be. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of us, the Trustee, or any of our or its agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

**Exchange of Global Notes for Certificated Notes**

A Global Note is exchangeable for Certificated Notes if:

(a) DTC (i) notifies us that it is unwilling or unable to continue as depositary for the Global Notes or (ii) has ceased to be a clearing agency registered under the Exchange Act, and, in either case, we fail to appoint a successor depositary; or

(b) there has occurred and is continuing an Event of Default (as defined in the Indenture) with respect to the Notes.

Beneficial interests in a Global Note may also be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Notice to Investors," unless that legend is not required by applicable law.

**Exchange of Certificated Notes for Global Notes**

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the registrar a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Notice to Investors."

**Exchanges between Global Notes**

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if:

(a) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and

(b) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:

(i) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;

(ii) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(iii) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note, may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Global Notes will be effected by DTC by means of an instruction originated by the participants through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Global Note of the type in which the interest is being transferred from and a corresponding increase in the principal amount of the Global Note of the type in which the interest is being transferred to, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

**Same Day Settlement and Payment**

We will make payments in respect of the notes represented by the Global Notes (including principal, interest and premium, if any) by wire transfer of immediately available funds to the accounts specified by the Global Note holder. We will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time-zone differences, credits of interests in the Global Notes received in Clearstream or Euroclear as a result of a transaction with a DTC Participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Global Notes settled during such processing will be reported to the relevant Clearstream or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of interests in the Global Notes by or through a Clearstream participant or a Euroclear Participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. This discussion applies only to Notes acquired in this offering for cash at the "issue price" (i.e., the first price at which a substantial amount of the Notes is sold to investors for cash (other than sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers)) and held as capital assets (generally, property held for investment) for U.S. federal income tax purposes. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations ("Treasury Regulations") promulgated thereunder by the U.S. Department of the Treasury, judicial decisions and administrative pronouncements of the Internal Revenue Service ("IRS"), all as currently in effect and all of which are subject to change or differing interpretations, possibly on a retroactive basis. If you are considering purchasing Notes in this offering, you should consult your tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax consequences applicable in your particular circumstances.

The following discussion does not purport to be a complete analysis of all the potential U.S. federal income tax consequences relating to the purchase, ownership and disposition of the Notes. This discussion does not address specific U.S. federal income tax consequences that may be relevant to particular investors in light of their individual circumstances, including, for example, (i) entities treated as partnerships for U.S. federal income tax purposes or partners or members therein, (ii) banks or other financial institutions, (iii) broker-dealers, (iv) insurance companies, (v) regulated investment companies, (vi) real estate investment trusts, (vii) tax-exempt entities, (viii) common trust funds, (ix) foreign governments, international organizations, or qualified foreign pension funds, (x) controlled foreign corporations, (xi) passive foreign investment companies, (xii) U.S. expatriates or other foreign persons (except for the discussion of Non-U.S. holders), (xiii) U.S. persons whose "functional currency" is not the U.S. dollar, (xiv) persons subject to special accounting rules under Section 451(b) of the Code, (xv) dealers in securities or currencies that use a mark-to-market method of tax accounting, (xvi) persons subject to the alternative minimum tax, (xvii) persons in special situations, such as those who hold the Notes as part of a straddle, hedge, synthetic security, conversion transaction or other integrated investment comprising the Notes and one or more other investments, and (xviii) U.S. holders (as defined below) who hold the Notes through non-U.S. brokers or other non-U.S. intermediaries. In addition, this discussion does not describe the Medicare tax on certain investment income or any tax consequences arising under U.S. federal tax laws other than income tax laws (such as gift and estate tax laws) or under the tax laws of any state, local or non-U.S. jurisdiction.

If any entity classified as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of an owner of such entity generally will depend on the activities of such entity and the status of the owner of such entity. Such entities that are considering acquiring the Notes, and owners in such entities, should consult their tax advisor as to the U.S. federal income tax consequences applicable to them of the purchase, ownership and disposition of the Notes.

YOU SHOULD CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO YOU OF ACQUIRING, OWNING AND DISPOSING OF THE NOTES, AS WELL AS THE APPLICATION OF U.S. FEDERAL NON-INCOME TAX LAWS AND STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS.

**Effect of Certain Contingencies**

Under certain circumstances including those described under "*Description of Notes — Optional Redemption" and "— Repurchase at the Option of Holders — Change of Control*," we might be required to make payments on the Notes in excess of stated interest and the principal amount of the Notes or make payments in advance of their scheduled times. We believe and intend to take the position that such contingencies do not result in the Notes being treated as "contingent payment debt instruments" under the applicable Treasury Regulations. This position is not binding on the IRS. If the IRS were to take a contrary position, holders subject to U.S. federal income taxation may be required to accrue interest income based on a "comparable yield" (as defined in the Treasury Regulations) determined at the time of issuance of the Notes, with adjustments to such accruals when any contingent payments are made that differ from the payments projected to be made based on the comparable yield. In addition, any gain from the sale, exchange, redemption, retirement or other taxable disposition of the Notes would be treated as interest income rather than as capital gain. You should consult your tax advisor regarding the U.S. federal income tax consequences if the Notes were treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes are not treated as contingent payment debt instruments.

**U.S. Holders**

As used herein, a "U.S. holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

***Stated Interest Payments***

Stated interest on the Notes will be includable in the income of a U.S. holder as ordinary income at the time such holder receives or accrues such amounts, in accordance with the U.S. holder's regular method of tax accounting.

***Sale, Exchange, Redemption, Retirement or Other Taxation Disposition of the Notes***

Upon a sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder will generally recognize capital gain or loss equal to the difference, if any, between the amount realized (other than any amounts attributable to accrued but unpaid stated interest, which will be taxed as ordinary income to the extent not previously included in such holder's income) and the holder's adjusted tax basis in the Note at the time of such disposition. A U.S. holder's adjusted tax basis for U.S. federal income tax purposes will generally be the cost of purchasing the Note. Such gain or loss will be long-term capital gain or loss if the U.S. holder's holding period with respect to the Note disposed of is more than one year.

Long-term capital gains recognized by noncorporate U.S. holders (including individuals) are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### *Information Reporting and Backup Withholding*

A U.S. holder may be subject to information reporting and backup withholding (currently at 24%) when such U.S. holder receives stated interest on the Notes or proceeds of the sale or certain other dispositions of such Notes (including a redemption or retirement of the Notes). Certain U.S. holders (including, among others, corporations) are generally not subject to information reporting or backup withholding. A U.S. holder will be subject to backup withholding if such holder is not otherwise exempt and fails to provide its taxpayer identification number and to comply with certain certification procedures.

You should consult your tax advisor regarding your qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. holder generally will be allowed as a credit against the U.S. holder's U.S. federal income tax liability or may be refunded, provided the required information is furnished in a timely manner to the IRS.

## Non-U.S. Holders

For purposes of this discussion, a "Non-U.S. holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, an individual, corporation, estate or trust that is not a U.S. holder.

### *Interest Payments*

Subject to the backup withholding rules and the discussion under *"— Foreign Account Tax Compliance Act"* below, and the rules regarding income effectively connected with the conduct of a trade or business within the United States, payments of interest on a Note to any Non-U.S. holder will generally not be subject to U.S. federal income or withholding tax, if:

- the Non-U.S. holder is not an actual or constructive (including through certain ownership attribution rules) owner of stock possessing 10% or more of the total combined voting power of all of our voting stock;
- the Non-U.S. holder is not a "controlled foreign corporation" related, actually or constructively, to us;
- the Non-U.S. holder is not a bank that received such interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;
- the Non-U.S. holder certifies, under penalties of perjury, that it is not a United States person with respect to whom withholding is required and certain other conditions are satisfied; and
- such interest is not effectively connected with the conduct by the Non-U.S. holder of a trade or business within the United States, as described below.

A Non-U.S. holder that does not qualify for exemption from withholding under the rules described in the preceding paragraph will generally be subject to withholding of U.S. federal income tax at the rate of 30%, or a lower treaty rate, if applicable, on payments of interest on the Notes unless the interest is effectively connected with the conduct by the Non-U.S. holder of a trade or business within the United States (as described below).

Unless an applicable income tax treaty provides otherwise, if the interest on a Note is effectively connected with the conduct by a Non-U.S. holder of a trade or business within the United States, such income will be subject to U.S. federal income tax on a net basis at the rates generally applicable to U.S. persons. If the Non-U.S. holder is a corporation, such holder may also be subject to a branch profits tax at a rate of 30% (or such lower rate as an applicable treaty may provide) on its effectively connected earnings and profits, subject to certain adjustments. Unless an applicable income tax treaty provides otherwise, such income will not be subject to U.S. federal withholding tax so long as the holder provides the applicable withholding agent with the appropriate certification, generally on IRS Form W-8ECI.

In order to claim an income tax treaty benefit, the Non-U.S. holder must provide a properly executed Form W-8BEN-E, Form W-8BEN or the appropriate successor form (and any applicable documentary evidence or attachments thereto) to the applicable withholding agent. These forms must be periodically updated.

You should consult your tax advisor regarding any applicable income tax treaties, which may provide for a lower rate of withholding tax, an exemption from or reduction of branch profits tax, or other rules different from those described above.

***Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes***

Subject to the backup withholding rules below, any gain recognized by a Non-U.S. holder on the sale, exchange, redemption, retirement or other taxable disposition of a note (other than any amount attributable to accrued but unpaid interest, which will be treated as interest as described above) will generally not be subject to U.S. federal income or withholding tax unless;

(1) such gain is effectively connected with the conduct by such Non-U.S. holder of a trade or business within the United States; or

(2) in the case of an individual, such individual is present in the United States for 183 days or more during the taxable year in which gain is realized and certain other conditions are met.

Unless an applicable income tax treaty provides otherwise, any gain that is effectively connected with the conduct by a Non-U.S. holder of a trade or business within the United States will generally be subject to U.S. federal income tax on a net basis at the rates generally applicable to U.S. persons. In addition, if such Non-U.S. holder is a corporation for U.S. federal income tax purposes, such holder may also be subject to a branch profits tax at a rate of 30% (or such lower rate as an applicable treaty may provide) on the Non-U.S. holder's effectively connected earnings and profits, subject to certain adjustments.

If the exception under (2) above applies, the Non-U.S. holder will generally be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which capital gains allocable to U.S. sources (including gains from the sale, exchange, redemption, retirement or other taxable disposition of the Notes) exceed certain capital losses allocable to U.S. sources.

***Information Reporting and Backup Withholding***

Generally, the amount of interest paid to a Non-U.S. holder and the amount of tax, if any, withheld with respect to such amount and certain other information must be reported to the IRS. Such information may also be provided to the authorities of the country in which a Non-U.S. holder resides or is organized pursuant to the terms of an applicable income tax treaty.

U.S. federal backup withholding generally will not apply to payments of interest to a Non-U.S. holder if such holder certifies its non-U.S. status.

Proceeds from the sale or other taxable disposition of the Notes (including a redemption or retirement of the Notes) will also generally be subject to information reporting and may be subject to U.S. federal backup withholding if the Non-U.S. holder fails to comply with applicable U.S. certification requirements.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the Non-U.S. holder's U.S. federal income tax liability or may be refunded, provided that the required information is furnished timely to the IRS.

You should consult your tax advisor regarding the application of any reporting requirements and your qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable.

**Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the Code and the Treasury Regulations promulgated thereunder (commonly referred to as the Foreign Account Tax Compliance Act or "FATCA") generally impose withholding at a rate of 30% in certain circumstances on U.S.-source interest payable on the Notes held by or through certain foreign financial institutions (including investment funds), whether such institutions are the beneficial owners or intermediaries, unless such institution enters into, and complies with, an agreement with the IRS to report, on an annual basis, information with respect to certain interests in, and accounts maintained by, the institution that are owned by certain U.S. persons (which would include certain direct or indirect equity and debt holders of such institution) or by certain non-U.S. entities that are wholly or partially-owned by U.S. persons and to withhold on certain payments. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Similarly, interest payable on the Notes held by an investor that is a non-financial non-U.S. entity (whether such entity is the beneficial owner or intermediary) that does not qualify under certain exemptions generally will be subject to withholding at a rate of 30%, unless such entity either (y) certifies that such entity does not have any "substantial United States owners" or (z) provides certain information regarding the entity's "substantial United States owners," which the applicable withholding agent will in turn provide to the U.S. Department of the Treasury.

You should consult your tax advisor regarding the possible implications of these rules on an investment in the Notes.

THE FOREGOING DISCUSSION DOES NOT PURPORT TO BE A DETAILED DISCUSSION OF ALL THE U.S. FEDERAL INCOME TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A HOLDER IN ITS SPECIFIC CIRCUMSTANCES. IF YOU ARE CONSIDERING THE PURCHASE OF THE NOTES, YOU SHOULD CONSULT YOUR TAX ADVISOR REGARDING THE TAX IMPLICATIONS OF ACQUIRING, HOLDING, AND DISPOSING OF THE NOTES IN YOUR PARTICULAR CIRCUMSTANCES.

## CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any U.S. or non-U.S. federal, state, local, or other laws, rules or regulations that are similar to the foregoing provisions of ERISA or the Code (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets", within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA), of any such plan, account or arrangement (each, a "Plan").

### General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a "Covered Plan") and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine the suitability of the Notes for such Plan, including whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, prudence, diversification, delegation of control and the need for, and the availability, if necessary, of any exemptive relief under any such laws or regulations. In addition, a fiduciary of a Plan should consider a Plan's particular circumstances and all facts and circumstances of the investment, including, but not limited to, the matters discussed above under "Risk Factors".

Each Covered Plan should consider the fact that none of the Issuer, the initial purchasers or any of their respective affiliates (collectively, the "Transaction Parties") will act as a fiduciary to any Plan with respect to the decision to acquire Notes pursuant to this offering and is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, with respect to such decision. All communications, correspondence and materials from the Transaction Parties with respect to the Notes are intended to be general in nature and are not directed at any specific purchaser of the Notes, and do not constitute advice regarding the advisability of investment in the Notes for any specific purchaser. The decision to acquire Notes must be made by each prospective Plan purchaser on an arm's length basis.

### Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of Notes by a Covered Plan with respect to which the Issuer, an initial purchaser or a guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide limited relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Covered Plan involved in the transaction and provided further that the Covered Plan pays no more than adequate consideration in connection with the transaction. Each of these exemptions contains conditions and limitations on its application. Thus, the fiduciaries of a Covered Plan that is considering acquiring and/or holding the Notes in reliance on any of these, or any other, exemption should carefully review the conditions and limitations of the exemption and consult with their counsel to confirm that it is applicable. There can be no assurance that any PTCE or any other exemption will be available with respect to any particular transaction involving the Notes. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the Notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding (i) are entitled to exemptive relief from the prohibited transaction provisions of ERISA and the Code or are otherwise permissible under applicable Similar Laws or (ii) will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws.

**Representation**

Accordingly, by acceptance of a note, or any interest therein, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold such note constitutes assets of any Plan or (ii) the acquisition and holding of such note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws, and none of the Transaction Parties is acting as a fiduciary of such purchaser or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase the Notes pursuant to the offering described in this offering memorandum.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the Notes. The sale of a note to a Plan is in no respect a representation by any Transaction Party or any of their respective representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

## NOTICE TO INVESTORS

The Notes have not been and will not be registered under the Securities Act or any other applicable securities law and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other securities laws. Accordingly, the Notes are being offered only to (a) persons reasonably believed to be qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) persons outside the United States in offshore transactions in reliance on Regulation S.

Each purchaser of the Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(a) The purchaser (A) (i) is a qualified institutional buyer, (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, (B) is not a U.S. person and is purchasing the Notes in an offshore transaction pursuant to Regulation S or (C) in the case of resale by parties other than the initial purchasers, (i) is an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) and (7) of Regulation D under the Securities Act) and (ii) is purchasing for its own account or for the account of another institutional "accredited investor," in each case in a minimum principal amount of $250,000.

(b) The purchaser understands that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes such Notes may be offered, resold, pledged or otherwise transferred only (i) to us, (ii) in the United States to a person who the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) and (7) of Regulation D under the Securities Act) that is not a qualified institutional buyer that is purchasing for its own account or for the account of another institutional investor, in each case in a minimum principal amount of $250,000, (iv) outside the United States in a transaction complying with the provisions of Rule 904 under the Securities Act, (v) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), or (vi) pursuant to an effective registration statement under the Securities Act, in each of cases through (vi) in accordance with any applicable securities laws of any state of the United States, and that (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from it of the resale restrictions referred to in (A) above.

(c) The purchaser understands that the Notes will, until the expiration of the applicable holding period with respect to the Notes set forth in Rule 144 of the Securities Act, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) TO THE COMPANY, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a) (1), (2), (3) AND (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL INVESTOR ACQUIRING THE NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF $250,000, (IV) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (VI) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO HEREIN.

Each purchaser of Notes offered in reliance on Regulation S will be deemed to have represented and agreed that it is not a U.S. person and is purchasing such Notes in an offshore transaction (as such terms are defined in Regulation S) pursuant to Regulation S and understands that such Notes will, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect (the "Regulation S Legend"):

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION ORIGINALLY EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATIONS UNDER THE SECURITIES ACT.

Restricted Notes may be exchanged for Notes not bearing the restricted Notes legend but bearing the Regulation S Legend upon certification by the transferor in the form set forth in the Indenture that the transfer of any such restricted note has been made in accordance with Rule 904 under the Securities Act. We understand that under current market practices settlement of the transfer of any such Note may be effected through the facilities of DTC, but that prior to the 40th day after the latest of the commencement of this offering and the last original issue date of the Notes, any such transfer may only occur through the facilities of Euroclear and/or Clearstream. See "Book-Entry; Delivery and Form."

Each purchaser and subsequent transferee of the Notes will be deemed to have represented and agreed that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes assets of (A) any "employee benefit plans" that are defined in and subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (B) any plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), (C) any entities or accounts the underlying assets of which are considered to include "plan assets" of such employee benefit plans or plans, accounts and arrangements, or (D) any plan, account or other arrangement that is subject to provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of

ERISA or the Code ("Similar Laws"); or (ii) the purchaser or transferee's purchase, holding and subsequent disposition of the Notes will not constitute or result in a non-exempt "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code or any similar violation under any applicable Similar Laws, and none of the Company, the initial purchasers or any of their respective affiliates (the "Transaction Parties") is acting as a fiduciary of such purchaser or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to such purchaser's decision to purchase the Notes.

## PLAN OF DISTRIBUTION

We have entered into a purchase agreement with the initial purchasers named below, for whom RBC Capital Markets, LLC is acting as representative, pursuant to which, and subject to the terms and conditions set forth therein, we have agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from us, severally and not jointly, the principal amount of the Notes set forth opposite their names below.

| Initial Purchasers | Principal Amount of Notes |
|---|---|
| RBC Capital Markets, LLC | $150,000,000 |
| BMO Capital Markets Corp. | 150,000,000 |
| BofA Securities, Inc. | 40,000,000 |
| Barclays Capital Inc. | 20,000,000 |
| Scotia Capital (USA) Inc. | 20,000,000 |
| Truist Securities, Inc. | 20,000,000 |
| Total | $400,000,000 |

The purchase agreement provides that the initial purchasers' obligation to purchase the Notes depends on the satisfaction of the conditions contained in the purchase agreement, including the obligation to purchase all of the Notes offered hereby, if any of the Notes are purchased; that the representations and warranties made by us to the initial purchasers are true; that there is no material change in our business or the financial markets; and that we deliver customary closing documents to the initial purchasers.

The initial purchasers will purchase the Notes at a discount from the offering price indicated on the cover of this offering memorandum and propose initially to offer and sell the Notes at the offering price set forth on the front of this offering memorandum. After the initial offering of the Notes, the offering price at which the Notes are being offered may be changed at any time without notice.

We have agreed that we will not, without the prior written consent of RBC Capital Markets, LLC, during the period beginning from the date of the issuance of the Notes and continuing until the date that is 60 days after the date of the issuance of the Notes, offer, sell, contract to sell or otherwise dispose of, except as provided hereunder, any of our respective securities that are substantially similar to the Notes, with certain exceptions.

### Indemnification

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make for these liabilities.

### Settlement

We expect that delivery of the Notes will be made to investors on or about April 21, 2021, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the second business day before delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

**Stabilization and Short Positions**

In connection with this offering, the initial purchasers may engage in certain transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the initial purchasers may overallot in connection with the offering of the Notes, creating a syndicate short position. In addition, the initial purchasers may bid for and purchase Notes in the open market to cover syndicate short positions or to stabilize the price of the Notes. Any of these activities may stabilize or maintain the market price of the Notes above what it would be in the absence of such activities. The initial purchasers are not required to engage in any of these activities, and they may end any of them at any time. We and the initial purchasers make no representation as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the initial purchasers make any representation that anyone will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

**Relationships**

The initial purchasers and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The initial purchasers and certain of their affiliates have, from time to time, performed and may in the future perform, various commercial and investment banking and financial advisory services for the Company and its affiliates, for which they received or may in the future receive customary fees and expenses. In addition, certain affiliates of the initial purchasers are currently acting as agents, lead arrangers, bookrunners and/or lenders under the Senior Secured Credit Facilities, and therefore will receive a portion of the net proceeds of the Notes offered hereby in connection with the repayment of the First Lien Term Loan Tranche B-1. The decision to distribute the Notes was made independently of the other entities with which the initial purchasers are affiliated, which entities had no involvement in determining whether and when to distribute the Notes under this offering or the terms of this offering.

In the ordinary course of their various business activities, the initial purchasers and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company or its affiliates. If the initial purchasers or their affiliates have a lending relationship with the Company, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to the Company consistent with their customary risk management policies. Typically, the initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Company's securities or the securities of its affiliates, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and certain of their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Rule 144A and Regulation S**

The Notes have not been registered under the Securities Act or any state securities laws, and unless so registered, may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Notice to Investors." The Notes have no established trading market and will not be listed on any national securities exchange. The initial purchasers have advised us of their intention to make a market for the Notes, but have no obligation to do so and may discontinue market-making at any time without providing any notice. We cannot assure you as to the liquidity of any trading market for the Notes.

We have been advised by the initial purchasers that the initial purchasers propose to resell these Notes to (a) persons they reasonably believe to be qualified institutional buyers in reliance on Rule 144A under the Securities Act and (b) outside the United States to certain non-U.S. persons in reliance on Regulation S under the Securities Act. See "Notice to Investors." Any offer or sale of the Notes in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act.

Each of the initial purchasers has acknowledged and agreed that, except as permitted by the purchase agreement, in connection with sales outside the United States, they will not offer, sell or deliver the Notes to, or for the account or benefit of U.S. persons (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering or the date the Notes were originally issued. The initial purchasers will send to each dealer to whom they sell the Notes in reliance on Regulation S during the 40-day distribution compliance period, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings assigned to them in Regulation S under the Securities Act.

In addition, until the expiration of the 40-day distribution compliance period referred to above, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

**Selling Restrictions**

This offering memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, anyone in any country or jurisdiction (i) in which such an offer or solicitation is not authorized, (ii) in which any person making such offer or solicitation is not qualified to do so or (iii) in which any such offer or solicitation would otherwise be unlawful. No action has been taken that would, or is intended to, permit a public offering of the Notes or possession or distribution of this offering memorandum or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each initial purchaser has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering memorandum, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of the Notes by it will be made on the same terms.

***European Economic Area***

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insuranc Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2017/1129 (as amended, the "Prospectus Regulation").

Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

***United Kingdom***

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "U.K."). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the United Kingdom Financial Services Markets Act 2000 (as amended, "FSMA") and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the U.K. has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the U.K. may be unlawful under the UK PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of Notes in the United Kingdom that is subject to the UK Prospectus Regulation will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018EUWA.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the U.K., or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

### *Canada*

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### *France*

Neither this offering memorandum nor any other offering material relating to the Notes described in this offering memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this offering memorandum nor any other offering material relating to the Notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the Notes to the public in France. Such offers, sales and distributions will be made in France only:
  - to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restraint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code *monétaire et financier*;
  - to investment services providers authorized to engage in portfolio management on behalf of third parties; or
  - to investment services providers authorized to engage in portfolio management on behalf of third parties; or in a transaction that, in accordance with article L.411-2-II-1° -or-2° -or 3° of the French Code *monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public a l'épargne*).

The Notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code *monétaire et financier*.

### *Hong Kong*

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)

("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

***Japan***

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"). The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

***Singapore***

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation of the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or to any person arising from an offer referred to in Section 275 (1A) or Section 276(4)(i)(B) of the SFA, (2) where no consideration is or will be given for the transfer, (3) where the transfer is by operation of law, (4) as specified in Section 276(7) of the SFA, or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities- based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), the classification of the Notes as "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

***Switzerland***

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

***Dubai International Financial Centre***

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

## LEGAL MATTERS

Certain legal matters relating to this offering and the Notes will be passed upon for us by Weil, Gotshal & Manges LLP, New York, New York. The initial purchasers have been represented by Cahill Gordon & Reindel LLP, New York, New York.

## INDEPENDENT ACCOUNTANTS

The consolidated financial statements as of and for the years ended December 31, 2020 and December 31, 2019, and as of and for the years ended December 31, 2018 and 2017, included in this offering memorandum have been audited by Deloitte & Touche LLP, independent accountants, as stated in their reports appearing herein.

## WHERE YOU CAN FIND MORE INFORMATION

We are not currently subject to the information requirements of Sections 13(a) or 15(d) of the Exchange Act, and will not be subject to these requirements as a result of this offering. We have agreed, so long as we are not subject to these information requirements, to make available to holders and beneficial owners of the Notes and prospective purchasers designated by such holders and beneficial owners the information required to be delivered pursuant to the Indenture offered hereby and Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with resales of such Notes.

We have not, and the initial purchasers have not, authorized anyone to provide you with information other than the information in this offering memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information in this offering memorandum is accurate as of any date other than the date of this offering memorandum.

This offering memorandum contains summaries of certain agreements, such as the Indenture that will govern the Notes offered hereby and the Credit Agreement, which agreements are not included in this offering memorandum. The descriptions contained in this offering memorandum of these agreements do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. Copies of the Indenture will be made available without charge to you in response to a written or oral request to us at BroadStreet Partners, Inc., 580 North Fourth Street, Suite 450, Columbus, Ohio 43215. Our telephone number is (614) 993-3011.

# INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

# BroadStreet Partners, Inc.

## Consolidated Financial Statements as of and for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report

## BROADSTREET PARTNERS, INC.

## TABLE OF CONTENTS

**Deloitte & Touche LLP**
180 East Broad Street
Suite 1400
Columbus, Ohio 43215
USA
Tel: 614 221 1000
Fax: 614 222 1130
www.deloitte.com

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of BroadStreet Partners, Inc.
Columbus, Ohio

We have audited the accompanying consolidated financial statements of BroadStreet Partners, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, total equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BroadStreet Partners, Inc. and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2019, the Company changed its method of accounting for revenue due to the adoption of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* using the modified retrospective approach.

Deloitte + Touche LLP

March 19, 2021

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED BALANCE SHEETS
## AS OF DECEMBER 31, 2020 AND 2019

*(Amounts in thousands except share amounts or as otherwise specified)*

| | 2020 | 2019 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 108,452 | $ 65,512 |
| Restricted cash | 101,395 | 76,652 |
| Investments | 1,272 | 1,089 |
| Accounts receivable: | | |
| Trade (net of allowance for doubtful accounts and cancellation reserve of $34,083 at December 31, 2020; $17,927 at December 31, 2019) | 457,501 | 398,183 |
| Other | 2,016 | 1,615 |
| Current income taxes receivable | 2,072 | 1,266 |
| Prepaid expenses and other current assets | 6,518 | 3,220 |
| Total current assets | 679,226 | 547,537 |
| EQUIPMENT AND LEASEHOLD IMPROVEMENTS – Net | 17,116 | 14,726 |
| GOODWILL | 923,671 | 692,393 |
| INDEFINITE LIFE INTANGIBLE ASSETS | 91,481 | 59,469 |
| AMORTIZABLE INTANGIBLE ASSETS – Net | 690,906 | 450,847 |
| OTHER ASSETS | 55,097 | 39,843 |
| TOTAL ASSETS | $2,457,497 | $1,804,815 |
| **LIABILITIES AND EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | $ 15,264 | $ 10,749 |
| Current portion of earnout obligatins | 33,338 | 43,200 |
| Accounts payable: | | |
| Trade | 339,579 | 295,406 |
| Other | 49,812 | 43,261 |
| Current income taxes payable | 2,061 | 4,451 |
| Accrued expenses | 43,102 | 25,444 |
| Total current liabilities | 483,156 | 422,511 |
| LONG-TERM DEBT | 1,376,572 | 865,620 |
| LONG-TERM EARNOUT OBLIGATIONS | 63,640 | 32,895 |
| DEFERRED INCOME TAXES – Net | 47,409 | 45,041 |
| OTHER NONCURRENT LIABILITIES | 59,925 | 40,006 |
| Total liabilities | 2,030,702 | 1,406,073 |
| EQUITY: | | |
| Common stock, Class A, no par value – authorized 5,000,000 shares; issued and outstanding 1,272,118 shares at December 31, 2020 and 1,447,370 shares December 31, 2019 | — | — |
| Common stock, Class B, no par value – authorized 5,000,000 shares; issued and outstanding 1,272,118 shares at December 31, 2020 and 1,447,370 shares December 31, 2019 | — | — |
| Common stock, Class C, no par value – authorized 10 shares; issued and outstanding 1 share at December 31, 2020 and 0 shares December 31, 2019 | — | — |
| Additional paid-in capital | 120,724 | 100,591 |
| (Accumulated deficit) Retained earnings | (48,394) | 67,831 |
| Accumulated other comprehensive income | 5 | 4 |
| Total BroadStreet Partners, Inc.'s equity | 72,335 | 168,426 |
| NONCONTROLLING INTEREST | 354,460 | 230,316 |
| Total equity | 426,795 | 398,742 |
| TOTAL LIABILITIES AND EQUITY | $2,457,497 | $1,804,815 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF INCOME
## FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

*(Amounts in thousands except share amounts or as otherwise specified)*

| | 2020 | 2019 |
|---|---|---|
| REVENUES: | | |
| Commissions and fees | $799,177 | $629,284 |
| Investment income | 1,107 | 1,128 |
| Realized gains – net | 121 | 705 |
| Other income | 5,082 | 3,424 |
| Total revenues | 805,487 | 634,541 |
| EXPENSES: | | |
| Employee compensation and benefits | 479,724 | 377,636 |
| Other operating expenses | 101,803 | 92,068 |
| Amortization | 50,765 | 35,132 |
| Depreciation | 5,248 | 4,292 |
| Interest | 69,918 | 55,796 |
| Stock option expense | 22,235 | 18,495 |
| Change in estimated acquisition earnout payables | 1,966 | 1,279 |
| Total expenses | 731,659 | 584,698 |
| INCOME BEFORE INCOME TAXES | 73,828 | 49,843 |
| INCOME TAXES | 10,333 | 6,989 |
| NET INCOME | 63,495 | 42,854 |
| LESS NET INCOME ATTRIBUTABLE TO THE | | |
| NONCONTROLLING INTERESTS | 38,572 | 30,435 |
| NET INCOME ATTRIBUTABLE TO BROADSTREET PARTNERS, INC. | $ 24,923 | $ 12,419 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

*(Amounts in thousands except share amounts or as otherwise specified)*

| | 2020 | 2019 |
|---|---|---|
| NET INCOME | $63,495 | $42,854 |
| OTHER COMPREHENSIVE INCOMENet of tax Unrealized gains – net of tax | 1 | 59 |
| Comprehensive income – net of tax and cumulative effect adjustment | 63,496 | 42,913 |
| Less comprehensive income attributable to noncontrolling interests | 38,571 | 30,452 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO BROADSTREET PARTNERS, INC. | $24,925 | $12,461 |

See notes to consolidated financial statements.

# BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF TOTAL EQUITY
## FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

*(Amounts in thousands except share amounts or as otherwise specified)*

| | BroadStreet Partners, Inc. | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Additional Paid-In Capital | (Accumulated Deficit) Retained Earnings | Total Accumulated Other Comprehensive Income | Total | Noncontrolling Interests | Total |
| BALANCES – January 1, 2019 | $— | $ 69,947 | $ 11,196 | $ 257 | $ 81,400 | $187,649 | $ 269,049 |
| Net income | — | — | 12,419 | | 12,419 | 30,435 | 42,854 |
| Net unrealized holding loss on marketable securities – net of tax | — | — | — | 59 | 59 | (16) | 43 |
| Exercise of stock options | — | 50 | — | — | 50 | — | 50 |
| Cumulative effect – adjustment for adoption of ASU 2016-01 | — | — | 312 | (312) | — | — | — |
| Cumulative effect – adjustment for adoption of ASC 606 – net of tax | — | — | 61,742 | — | 61,742 | 32,089 | 93,831 |
| Distributions to noncontrolling interests | — | — | — | — | — | (36,593) | (36,593) |
| Change in fair value of redeemable common shares | — | 17,838 | (17,838) | — | — | — | — |
| Acquisitions and other transactions impacting noncontrolling interests – net of related loans | — | 12,756 | — | — | 12,756 | 16,752 | 29,508 |
| BALANCES – December 31, 2019 | — | 100,591 | 67,831 | 4 | 168,426 | 230,316 | 398,742 |
| Net income | — | — | 24,923 | — | 24,923 | 38,572 | 63,495 |
| Net unrealized holding loss on marketable securities – net of tax | — | — | | 1 | 1 | 1 | 2 |
| Redemptions net of contributions | — | 31,585 | (135,005) | — | (103,420) | — | (103,420) |
| Exercise of stock options | — | 3,796 | — | — | 3,796 | — | 3,796 |
| Distributions to noncontrolling interests | — | — | (7) | — | (7) | (65,398) | (65,405) |
| Change in fair value of redeemable common shares | — | 6,136 | (6,136) | — | — | — | — |
| Acquisitions and other transactions impacting noncontrolling interests – net of related loans | — | (21,384) | — | — | (21,384) | 150,969 | 129,585 |
| BALANCES – December 31, 2020 | $ | $120,724 | $ (48,394) | $ 5 | $ 72,335 | $354,460 | $ 426,795 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

*(Amounts in thousands except share amounts or as otherwise specified)*

| | 2020 | 2019 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 63,495 | $ 42,854 |
| Adjustments to reconcile net income to net cash provided by operating activities – net of effect from agency acquisitions and disposals: | | |
| Depreciation | 5,248 | 4,292 |
| Amortization | 50,765 | 35,132 |
| Provision for doubtful accounts and cancellations | 794 | 704 |
| Noncash expense related to stock option awards | 22,235 | 18,495 |
| Change in estimated acquisition earnout payables | 1,966 | 1,279 |
| Payments on acquisition earn-outs in excess of original estimated payables | (5,646) | (15,377) |
| Financing costs expensed | 4,580 | 2,861 |
| Equity method earnings of unconsolidated subsidiaries | 503 | 157 |
| Deferred income taxes | (7,202) | (1,594) |
| Change in fair value of interest rate swap | 3,714 | — |
| Realized (gains) — net | (121) | (705) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 2,011 | (28,799) |
| Income tax receivable/payable | (3,195) | 3,790 |
| Prepaid expenses and other assets | (10,485) | (9,614) |
| Accounts payable | 17,944 | 38,930 |
| Accrued expenses | 17,658 | 970 |
| Other noncurrent liabilities | (24,873) | (14,794) |
| Net cash provided by operating activities | 139,391 | 78,581 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (5,885) | (5,688) |
| Purchase and sale of investments – net | (284) | 37 |
| Payments for agencies acquired – net of cash acquired | (343,536) | (143,005) |
| Proceeds from agency assets sold – net of cash sold | 852 | 449 |
| Net cash (used in) investing activities | (348,853) | (148,207) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from revolving line of credit | 303,500 | 89,000 |
| Repayments on revolving line of credit | (311,000) | (81,500) |
| Proceeds from long-term borrowings | 537,966 | 135,000 |
| Payments on debt | (15,695) | (2,876) |
| Payments on acquisition earnouts | (46,249) | (53,792) |
| Cash distributions to stockholders and noncontrolling interests | (65,397) | (36,593) |
| Issuance of common stock | 61,119 | 50 |
| Redemption of common stock | (167,652) | — |
| Financing costs paid | (16,888) | (2,773) |
| Cash (paid) in transactions with noncontrolling interests – net of related loans | (2,559) | (872) |
| Net cash provided by financing activities | 277,145 | 45,644 |
| NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | 67,683 | (23,982) |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH: | | |
| Beginning of year | 142,164 | 166,146 |
| End of year | $ 209,847 | $ 142,164 |

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
## FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

*(Amounts in thousands except share amounts or as otherwise specified)*

| | 2020 | 2019 |
|---|---|---|
| NONCASH CONTINGENT CONSIDERATION | | |
| Future contingent earn-outs recorded as notes payable | $69,778 | $32,259 |
| Future guaranteed payments recorded as notes payable | $ 22 | $ 748 |
| Future payments for tangible net worth | $ — | $ 342 |
| CASH RECEIVED (PAID) IN TRANSACTIONS WITH NONCONTROLLING INTERESTS – Net of related loans: | | |
| Noncontrolling interest issued in exchange for loans | $ (7,340) | $ (3,976) |
| Payments received on noncontrolling interest stock loans | 3,688 | 1,867 |
| (Payments) proceeds in non-controlling interest transactions | (3,734) | 1,004 |
| TOTAL CASH (PAID) IN TRANSACTIONS WITH NONCONTROLLING INTERESTS – Net of related loans | $ (7,386) | $ (1,105) |
| DEFERRED TAX LIABILITY RECORDED IN NONCONTROLLING INTEREST TRANSACTIONS | $ 1,642 | $ 1,801 |
| LONG TERM DEBT ISSUED IN EXCHANGE FOR MEMBERSHIP INTEREST OF CONSOLIDATED SUBSIDIARIES IN NONCONTROLLING INTEREST TRANSACTIONS | $ 1,074 | $ 233 |
| DEFERRED TAX LIABILITY RECORDED RELATED TO UNREALIZED GAINS AND LOSSES ON INVESTMENTS IN AVAILABLE FOR SALE SECURITIES | $ (2) | $ (2) |
| NONCASH CAPITAL LEASE ADDITIONS | $ 524 | $ — |
| RECEIVABLE RELATED TO COMMON STOCK ISSUANCE | $ 2,843 | $ — |
| EXCESS FAIR VALUE OVER STRIKE PRICE OF STOCK OPTIONS EXERCISED AND HELD | $ 4,057 | $ — |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (Amounts in thousands except share amounts or as otherwise specified)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations** — BroadStreet Partners, Inc., an Ohio Corporation, is a diversified insurance agency and brokerage holding company. BroadStreet Partners, Inc. and its subsidiaries (collectively, "BroadStreet", the "Company", or "we") market and sell insurance products and services.

In March 2020, the World Health Organization declared the Novel Coronavirus (COVID-19) a pandemic. The pandemic has impacted essentially every geography in which the Company operates. Governments implemented various restrictions, including closure of non-essential businesses, travel, shelter-in-place requirements for citizens and other restrictions. The Company has taken a number of precautionary steps to safeguard its businesses and colleagues from COVID-19, including implementing travel restrictions, arranging work from home capabilities and flexible work policies. For the year ended December 31, 2020, the COVID-19 pandemic impacted operations though the direct impact cannot be quantified. The ultimate extent of the impact will depend on numerous evolving factors and future developments that the Company is not able to predict.

At December 31, 2020, the outstanding common shares of BroadStreet are owned by BSP Holdings Trust, a wholly-owned subsidiary of a Canadian pension fund; Century Focused Fund IV — BSP Holdings, LLC; Penfund Capital Fund VI Limited Partnership; Penfund Capital Fund VI U.S. Limited Partnership; and certain members of management. See Note 14 for more information on the common shares and the repurchase of Century Focused Fund III, L.P. equity ("Century Transaction"), this transaction is reflected in the Consolidated Statements of Total Equity and Consolidated Statements of Cash Flows.

**Basis of Presentation** — The accompanying consolidated financial statements include the accounts of BroadStreet and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Any outside or third-party interests in BroadStreet's net income and net assets are reflected as noncontrolling interest in the accompanying consolidated financial statements.

**Revenue Recognition** — The Company earns commissions and fees paid by insurance carriers for binding insurance coverage. Commission revenues are recognized when earned, which is generally at a point in time on the effective date of the associated policies when control of the policy transfers to the client. Commission revenues on premiums billed directly by insurance companies include an estimate for amounts for which the cash has not yet been received from the insurance company. An estimate is made for cancellation as well as audit adjustments based on historical data. Commission revenues are recognized net of any wholesale broker commissions. Contingent commissions from insurance companies are recognized over the service period based on our best estimate of amounts we have earned using historical averages and other factors to project such revenue. The final calculations for contingent commission revenue are often not completed until subsequent periods. Fee revenue is recognized as services are performed. If there are other services within the contract, the Company estimates the stand-alone price for each separate performance obligation, and the corresponding apportioned revenue is recognized over the period of time which the customer receives the service, and as the performance obligations are fulfilled and the obligations exists within a contract, the use of estimates is required to allocate the transaction price on a relative stand-alone selling price basis to each separate performance obligation. The only geography where the Company has customer concentration levels above 10% is California, which represents approximately 14% of business written by BroadStreet. Accordingly, the occurrence of adverse economic conditions or an adverse regulatory climate in California could have a material adverse effect on BroadStreet's business, although no such conditions have been encountered in the past.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Use of Estimates** — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management uses estimates and assumptions in accounting for the following significant matters, among others: commissions receivable from insurance companies, allowance for doubtful accounts and cancellation reserve, goodwill and other intangible asset impairment analyses, incremental cost to obtain, cost to fulfill customer contracts, useful lives of intangible assets, and the fair value of assets acquired, liabilities assumed, and earnout payables recorded from acquisitions. BroadStreet continually evaluates these estimates, which are based on historical experience and on assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for BroadStreet's judgments about the carrying values of the assets and liabilities for which values are not readily apparent from other sources. Actual results may differ from these estimates.

**Cash and Cash Equivalents** — Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments with quoted market prices having maturities of three months or less when purchased. The demand deposits regularly exceed federally insured limits. BroadStreet has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Restricted Cash and Trade Accounts Receivable** — In its capacity as an insurance agent or broker, BroadStreet typically collects premiums from insureds and, after deducting its authorized commission, remits the net premiums to the appropriate insurance company or companies. Accordingly, premiums receivable from insureds are included in trade accounts receivable in the Consolidated Balance Sheets. BroadStreet has a fiduciary responsibility for unremitted net insurance premiums until they are remitted to the insurance company. BroadStreet invests these unremitted funds only in cash, money market accounts, and commercial paper held for a short term. In certain states in which BroadStreet operates, the use and investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as restricted cash on the Consolidated Balance Sheets. The interest income earned on these unremitted funds is reported as investment income in the Consolidated Statements of Income. At December 31, 2020 and 2019, fiduciary assets of $339,579 and $295,406, respectively, comprised of $101,395 and $76,652 respectively, of Restricted cash and $238,184 and $218,754, respectively, of Accounts receivable — trade, are offset by $339,579 and $295,406, respectively, of Accounts payable — trade.

In other circumstances, the insurance companies collect the premiums directly from the insureds and remit the applicable commissions to BroadStreet. Commissions due from insurance companies are included in trade accounts receivable in the Consolidated Balance Sheets.

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade receivables are also adjusted for an estimate of future cancellations, premium audit adjustments, and policy changes in effect at the balance sheet date but not yet reflected in commission receipts. These estimates are based on historical adjustments for these items in relation to the gross amounts.

The allowance for estimated policy cancellations was $31,059 and $15,098 at December 31, 2020 and 2019, respectively, which represents a reserve for future reversals in commission and fee revenues related to the potential cancellation or audit adjustments of client insurance policies that were in force as of each year end. The allowance for doubtful accounts was $3,024 and $2,829 at December 31, 2020 and 2019, respectively. We periodically review the adequacy of these allowances and adjust as necessary.

**Investments** — BroadStreet's marketable equity and debt securities have been classified as "available-for-sale" and are reported at estimated fair value. Changes in fair value of equity securities are included in Realized gains — net in the Consolidated Statement of Income. For investments in debt securities, unrealized gains and losses, net of tax, are reported as a separate component of equity. Realized gains and losses and declines in value below cost that are judged to be other-than-temporary on debt securities are included in realized gains and losses. The cost of debt securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income in the Consolidated Statements of Income. Nonmarketable equity interests and certificates of deposit having maturities of more than three months when purchased are reported at cost and are adjusted for other-than-temporary market value declines.

**Equipment and Leasehold Improvements** — Equipment (comprised of furniture, fixtures, and office equipment), and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in income. Depreciation has been determined using the straight-line method over the estimated useful lives of the related assets, which range from three to fifteen years. Leasehold improvements are amortized on the straight-line method over the lesser of the estimated useful life or the term of the related lease.

**Goodwill and Other Intangible Assets** — The excess of the purchase price of an acquisition over the fair value of the identifiable tangible net assets and amortizable intangible assets are assigned to goodwill and other indefinite life intangible assets. While goodwill and indefinite life intangibles (i.e., trade names) are not amortizable, they are subject to at least an annual assessment for impairment by applying a fair-value based test. Initially, BroadStreet assesses various qualitative factors to determine whether it is more likely than not that the fair value of each of its reporting units is less than its carrying amount. For those reporting units where, based on the qualitative factors only, it is more likely than not that the fair value is less than the carrying amount, BroadStreet compares the estimated fair value of each reporting unit with its carrying amount on a quantitative basis to determine if there is potential impairment of goodwill. Fair value is estimated based on multiples of revenues, earnings before interest, income taxes, depreciation, and amortization ("EBITDA"). If the estimated fair value of the reporting unit is less than the carrying value, an impairment loss would be recorded to the extent that the fair value of the reporting unit is less than its carrying value. BroadStreet completed assessments as of September 30, 2020 and 2019, and identified no impairments.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amortizable intangible assets are stated at cost, less accumulated amortization, and primarily consist of purchased customer accounts, noncompete agreements, and certain trade names. Amortizable intangible assets are amortized on a straight-line basis over the related estimated lives and contract periods, which range from two to five years for noncompete agreements, one to five years for trade names, and ten to twenty-one years for customer accounts. Purchased customer accounts primarily consist of relationships and records obtained from acquired businesses that contain information about insurance policies and the related insured parties that are essential to policy renewals.

The carrying value of amortizable intangibles attributable to each asset group comprising BroadStreet is reviewed annually by management to determine if the facts and circumstances suggest that they may be impaired or if there is a change in the remaining useful life. In the insurance agency and brokerage industry, it is common for agencies or customer accounts to be acquired at a price determined as a multiple of their corresponding revenues or EBITDA. Accordingly, BroadStreet assesses the carrying value of its intangible assets by comparison of a reasonable multiple applied to either corresponding revenues or EBITDA, as well as considering the estimated future cash flows generated by the corresponding reporting unit. Any impairment identified through this assessment may require that the carrying value or remaining useful life of related intangible assets be adjusted. See Note 4 for indefinite life intangible assets moved to amortizable intangibles. There were no impairments of amortizable intangible assets during the years ended December 31, 2020 and 2019.

**Earnout Obligations** — Earnout obligations represent contingent consideration from business combination transactions. Earnout obligations are measured at fair value on a recurring basis based on the present value of the expected future payments. These expected future payments are based on projections of the future performance of the underlying acquired businesses, and therefore fall within Level 3 of the Fair Value Hierarchy. See Note 2 for more information on Earnout obligations.

**Income Taxes** — BroadStreet files a consolidated federal income tax return as well as unitary state income tax returns in various state jurisdictions. BroadStreet and its subsidiaries also file separate returns in certain state jurisdictions. For the consolidated federal income tax return and unitary state income tax returns, the members of the consolidated group make payments to the parent company for their allocated share of the consolidated income tax liability, which approximates the amounts that would be reported if the subsidiary was separately filing its tax returns, but with current credit for net operating losses. BroadStreet's tax years 2015 and forward are open for examination by the Internal Revenue Service ("IRS").

Deferred income taxes are provided on the asset and liability method, whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax differences relate primarily to basis differences in investments in pass-through entities, earnout obligations, and intangible assets. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates to be in effect at the time of the reversal of the temporary difference.

Uncertain tax positions are measured based upon the facts and circumstances that exist at each reporting period and involve significant management judgment. Subsequent changes in judgment

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

based upon new information may lead to changes in recognition or measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in our provision for income taxes.

**Fair Value of Financial Instruments** — BroadStreet's estimates of fair value for financial assets and financial liabilities are based on the framework established under the Fair Value Measurement and Disclosure Topic of the FASB ASC. The framework is based on the assumptions (inputs) used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The framework establishes a three-level valuation hierarchy for disclosure of fair value measurements. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect BroadStreet's significant market assumptions.

The three levels of the hierarchy are as follows:

***Level 1*** — Unadjusted quoted market prices for identical assets or liabilities in active markets that BroadStreet has the ability to access.

***Level 2*** — Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

***Level 3*** — Valuations based on models where significant inputs are not observable. The unobservable inputs reflect BroadStreet's own assumptions about the assumptions that market participants would use.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

The carrying amounts of financial assets and liabilities reported in the accompanying Consolidated Balance Sheets for Cash and cash equivalents, Restricted cash, Accounts receivable, Prepaid expenses and other current assets, Accounts payable, and Accrued expenses, at December 31, 2020 and 2019, approximate fair value because of the short-term duration of these instruments. See Note 2 to these consolidated financial statements for the fair values related to the establishment of intangible assets and the establishment and adjustment of earnout obligations. See Note 8 to these consolidated financial statements for the fair values related to debt at December 31, 2020 and 2019. See Note 10 to these consolidated financial statements for the fair values related to stock options and stock-based compensation arrangements.

**Adopted Accounting Pronouncements** — The Company did not adopt any new accounting pronouncements during the year ended December 31, 2020.

**Pending Accounting Pronouncements** — In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which introduces a lessee model that brings most leases onto the balance sheet and

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

includes new guidance for identifying and classifying lease arrangements. In June 2020, the FASB issued ASU 2020-05 — *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): Effective Dates, which delayed the effective date for non-public business entities from the year ending December 31, 2021 to the year ending December 31, 2022. Note the Company has already adopted Topic 606, but has yet to adopt Topic 842. When ASU No. 2016-02 is adopted, the Company plans to use a modified retrospective method. We are currently assessing the impact that adopting this guidance will have on the Company's consolidated financial statements.

In November 2019, the FASB issued ASU 2019-10 — *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (842): Effective Dates*, which delayed the effective date for non-public business entities from the year ending December 31, 2020 to the year ending December 31, 2021. When adopted, the Company plans to use the modified retrospective method. We are currently assessing the impact that adopting this guidance will have on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires deferral of certain implementation costs associated with a cloud computing arrangement or hosting arrangement thereby aligning deferral of such costs with implementation costs associated with developing internal-use software. Accounting for the service component of a hosting arrangement remains unchanged. An entity will defer these implementation costs over the term of the hosting arrangement, including optional renewal periods that are reasonably certain of exercise. Amounts expensed would be presented through operating expense, rather than depreciation or amortization. The new guidance is effective for the year ending December 31, 2021, with early adoption permitted. When ASU No. 2018-15 is adopted, the Company will have the option to choose whether or not prior periods will be revised to incorporate the effects of the new guidance. We are currently assessing the impact that adopting this guidance will have on the Company's consolidated financial statements.

**Subsequent Events** — Subsequent events have been evaluated through the date the consolidated financial statements were available to be issued on March 19, 2021. No material subsequent events have occurred since December 31, 2020, that required recognition or disclosure in the consolidated financial statements, except as disclosed in Note 15.

## 2. BUSINESS COMBINATIONS

The results of each business combination are included in BroadStreet's consolidated financial statements beginning the effective date of the acquisition.

**Business Combinations in 2020** — On January 1, 2020, BroadStreet entered into an agreement to acquire 78% membership interest in a retail property casualty agency primarily located in Michigan ("Michigan Core"). The purchase price consisted of $82,293 in cash payments, $4,014 of estimated contingent future payments, and $24,343 of noncontrolling interest.

On January 1, 2020, BroadStreet entered into an agreement to acquire 60% membership interest in an employee benefit agency primarily located in Washington ("Washington Core"). The purchase

**2. BUSINESS COMBINATIONS (Continued)**

price consisted of $74,369 in cash payments, $13,425 of estimated contingent future payments, and $58,529 of noncontrolling interest.

On May 1, 2020, BroadStreet entered into an agreement to acquire 75% membership interest in a retail property casualty agency primarily located in Georgia ("Georgia Core"). The purchase price consisted of $41,752 in cash payments, the establishment of $10,950 of estimated contingent future payments, and $17,568 of noncontrolling interest.

On July 1, 2020, BroadStreet entered into an agreement to acquire 61.5% membership interest in a retail property casualty agency primarily located in California ("California Core"). The purchase price consisted of $41,392 in cash payments, $10,203 of estimated contingent future payments, and $32,300 of noncontrolling interest.

BroadStreet, through various of its subsidiaries, also acquired most of the assets of 53 other general insurance agencies during 2020. The aggregate purchase price consisted of $130,925 in cash payments, $31,186 of estimated contingent future payments, $22 of guaranteed future payments and $5,943 of noncontrolling interest.

The recorded purchase price for all acquisitions includes an estimation of the fair value of liabilities associated with any potential earnout obligations. Subsequent changes in the fair value of earnout obligations will be recorded in the Consolidated Statements of Income when determined.

The fair value of earnout obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management and reflects market participant assumptions regarding revenue growth and/or profitability. The range of revenue growth rates used in these estimates for 2020 acquisitions was generally 1% to 5%. The expected future payments are estimated based on the earnout formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earnout payments will be made. The range of discount rates used in these estimates for 2020 acquisitions was 3% to 11%.

(Amounts in thousands except share amounts or as otherwise specified)

## 2. BUSINESS COMBINATIONS (Continued)

The following table summarizes the estimated fair values and maximum contractual amounts of contingent earnout obligations as of the date of each acquisition during 2020:

| | Michigan Core | Washington Core | Georgia Core | California Core | Other Acquisitions | Total |
|---|---|---|---|---|---|---|
| Recorded contingent earnout obligation with contractual maximum | $ 4,014 | $13,425 | $10,950 | $10,203 | $30,590 | $ 69,182 |
| Recorded contingent earnout obligation with no contractual maximum | — | — | — | — | 596 | 596 |
| Contractual maximum contingent earnout obligation (undiscounted) | 14,964 | 21,608 | 13,626 | 11,735 | 42,420 | 104,353 |
| Assumed contingent earnout obligation with contractual maximum | 1,424 | — | — | — | — | 1,424 |
| Assumed contingent earnout obligation with no contractual maximum | — | — | — | — | — | — |
| Contractual maximum contingent earnout obligation on assumed obligations (undiscounted) | — | — | — | — | — | — |

The fair value of noncontrolling interest is based on the noncontrolling owners' economic interest in the net assets acquired and the purchase price of the controlling interest.

The fair value of purchased customer accounts is determined based on the multiple period excess earnings method. Significant assumptions include projected rate and exposure growth in the premiums giving rise to the commission revenue based on the history of the acquired book of business and the history of the acquiring core operation, projected annual survivorship of customer accounts, contributory asset charges based on the values estimated for other intangible assets acquired, and ratios of payroll and other expenses to projected commission revenue.

The fair value of amortizable and indefinite-lived trade names is determined based on the relief from royalty method. Significant assumptions include estimated royalty rates based on industry data of royalties charged for leased trade names and revenue growth rates based on the historical revenue growth rates in the acquired book of business and the historical revenue growth rates of the acquiring core operation.

(Amounts in thousands except share amounts or as otherwise specified)

## 2. BUSINESS COMBINATIONS (Continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of each acquisition during 2020:

| | Michigan Core | Washington Core | Georgia Core | California Core | Other Acquisitions | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ 7,225 | $ 1,911 | $ 4,076 | $ 6,519 | $ 198 | $ 19,929 |
| Restricted cash | 875 | — | 731 | 5,246 | 414 | 7,266 |
| Investments | — | — | — | — | — | — |
| Accounts receivable | 9,368 | 3,475 | 7,285 | 17,998 | 21,186 | 59,312 |
| Furniture, fixtures, and equipment | 132 | 2 | 519 | 1,082 | 631 | 2,366 |
| Other assets | 883 | 782 | 1,420 | 2,207 | 3,049 | 8,341 |
| Purchased customer accounts | 35,810 | 77,165 | 32,223 | 35,825 | 106,812 | 287,835 |
| Noncompete agreements | — | — | — | — | 179 | 179 |
| Amortizable trade names | — | — | — | — | 1,056 | 1,056 |
| Goodwill | 64,196 | 62,400 | 26,872 | 35,503 | 42,307 | 231,278 |
| Indefinite-lived trade names | 7,791 | 6,780 | 6,791 | 8,113 | 4,459 | 33,934 |
| Total assets acquired | 126,280 | 152,515 | 79,917 | 112,493 | 180,291 | 651,496 |
| Deferred tax liabilities (assets) | 1,466 | 613 | 751 | 1,745 | 3,301 | 7,876 |
| Current liabilities | 1,003 | 777 | 8,038 | 16,111 | 6,850 | 32,779 |
| Other Liabilities | 13,161 | 4,802 | 857 | 10,741 | 2,066 | 31,627 |
| Total liabilities assumed | 15,630 | 6,192 | 9,646 | 28,597 | 12,217 | 72,282 |
| Noncontrolling interest | 24,343 | 58,529 | 17,568 | 32,300 | 5,943 | 138,683 |
| Net assets acquired | $ 86,307 | $ 87,794 | $52,703 | $ 51,596 | $162,131 | $440,531 |

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts: 17.6 years, noncompete agreements: 4.7 years, amortizable trade names: 1.6 years.

Of the $554,282 of goodwill and intangible assets acquired and assigned to reporting units, $484,504 is amortizable for tax deductions over 15 years. The $69,778 of the purchase prices represented by earnout obligations will be amortizable for tax purposes as the amounts are paid.

**Business Combinations in 2019** — On January 1, 2019, BroadStreet entered into an agreement to acquire 65% membership interest in a retail property and casualty agency primarily located in Nevada (“Nevada Core”). The purchase price consisted of $40,637 in cash payments, the establishment of $7,073 of estimated contingent future payments, and $25,758 of noncontrolling interest.

On March 1, 2019, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property and casualty agency located in California (“California Secondary”). The aggregate purchase price was $11,149, comprised entirely of cash payments.

On August 1, 2019, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property and casualty agency located in Florida (“Florida Secondary”).

## 2. BUSINESS COMBINATIONS (Continued)

The purchase price consisted of $15,880 in cash payments and the establishment of $2,278 of estimated contingent future payments.

On November 1, 2019, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property and casualty agency located in Texas (“Texas Secondary”). The purchase price consisted of $16,908 in cash payments, the establishment of $342 of future payments for tangible net worth, the establishment of $1,840 of estimated contingent future payments, and $1,300 of noncontrolling interest.

BroadStreet, through various of its subsidiaries, also acquired most of the assets of 30 other general insurance agencies during 2019. The aggregate purchase price consisted of $62,906 in cash payments, $21,068 of estimated contingent future payments, $748 of guaranteed future payments, and $5,525 of noncontrolling interest.

The fair value of earnout obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business’s future performance is estimated using financial projections developed by management and reflects market participant assumptions regarding revenue growth and/or profitability. The range of revenue growth rates used in these estimates for 2019 acquisitions was generally 0% to 5%. The expected future payments are estimated based on the earnout formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earnout payments will be made. The range of discount rates used in these estimates for 2019 acquisitions was 6% to 12%.

(Amounts in thousands except share amounts or as otherwise specified)

## 2. BUSINESS COMBINATIONS (Continued)

The following table summarizes the estimated fair values and maximum contractual amounts of contingent earnout obligations as of the date of each acquisition during 2019:

| | Nevada Core | California Secondary | Florida Secondary | Texas Secondary | Other Acquisitions | Total |
|---|---|---|---|---|---|---|
| Recorded contingent earnout obligation with contractual maximum | $7,073 | $— | $2,278 | $1,840 | $21,068 | $32,259 |
| Recorded contingent earnout obligation with no contractual maximum | — | — | — | — | — | — |
| Contractual maximum contingent earnout obligation (undiscounted) | 9,092 | — | 3,970 | 4,046 | 34,226 | 51,334 |
| Assumed contingent earnout obligation with contractual maximum | — | — | — | — | — | — |
| Assumed contingent earnout obligation with no contractual maximum | — | — | — | — | — | — |
| Contractual maximum contingent earnout obligation on assumed obligations (undiscounted) | — | — | — | — | — | — |

The methods of valuation were consistent with those disclosed in 2020.

(Amounts in thousands except share amounts or as otherwise specified)

## 2. BUSINESS COMBINATIONS (Continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of each acquisition during 2019:

| | Nevada Core | Texas Secondary | Florida Secondary | California Secondary | Other Acquisitions | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ 272 | $ — | $ 294 | $ — | $ — | $ 566 |
| Restricted cash | 3,908 | — | — | — | — | 3,908 |
| Investments | — | — | — | — | — | — |
| Accounts receivable | 18,567 | 3,857 | 4,078 | 3,291 | 10,787 | 40,580 |
| Furniture, fixtures, and equipment | 799 | 132 | 50 | 205 | 254 | 1,440 |
| Other assets | 1,529 | 234 | 248 | 218 | 1,192 | 3,421 |
| Purchased customer accounts | 39,524 | 10,634 | 9,338 | 7,823 | 58,039 | 125,358 |
| Noncompete agreements | — | — | — | — | 272 | 272 |
| Amortizable trade names | — | — | — | 434 | 655 | 1,089 |
| Goodwill | 27,336 | 7,933 | 5,856 | 1,108 | 22,346 | 64,579 |
| Indefinite-lived trade names | 6,112 | 1,657 | 1,108 | — | 2,128 | 11,005 |
| Total assets acquired | 98,047 | 24,447 | 20,972 | 13,079 | 95,673 | 252,218 |
| Deferred tax liabilities (assets) | 7,594 | 2,429 | 323 | 474 | 1,609 | 12,429 |
| Current liabilities | 13,448 | 1,443 | 2,164 | 1,030 | 2,750 | 20,835 |
| Other Liabilities | 3,537 | 185 | 328 | 426 | 1,067 | 5,543 |
| Total liabilities assumed | 24,579 | 4,057 | 2,815 | 1,930 | 5,426 | 38,807 |
| Noncontrolling interest | 25,758 | 1,300 | — | — | 5,525 | 32,583 |
| Net assets acquired | $47,710 | $19,090 | $18,157 | $11,149 | $84,722 | $180,828 |

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts: 16.4 years, noncompete agreements: 4.9 years, amortizable trade names: 3.7 years.

Of the $202,303 of goodwill and intangible assets acquired and assigned to reporting units, $170,044 is amortizable for tax deductions over 15 years. The $32,259 of the purchase prices represented by earnout obligations will be amortizable for tax purposes as the amounts are paid.

The fair value methods and assumptions related to 2019 business combinations were consistent with those of 2020 business combinations outlined earlier in this note.

**Transactions with Noncontrolling Interests** — In addition to transactions with holders of noncontrolling interest included within business combinations, during the years ended December 31, 2020 and 2019, BroadStreet and its subsidiaries entered into certain transactions which resulted in the purchase and sale of equity of the subsidiaries. The following tables show the impact of these transactions on Additional paid-in capital and Noncontrolling interest during the years ended December 31, 2020 and 2019:

(Amounts in thousands except share amounts or as otherwise specified)

## 2. BUSINESS COMBINATIONS (Continued)

| Year ended December 31, 2020 | Included in Business Combinations | Not Included in Business Combinations | Total | Impact on Noncontrolling Interest | Impact on Additional Paid-In Capital |
|---|---|---|---|---|---|
| Fair value of consideration, gross of loans | $138,683 | $ (3,734) | $134,949 | $134,949 | $ — |
| Deferred gain (loss) to controlling interest | 21 | (19,693) | (19,672) | 19,672 | (19,672) |
| Deferred tax (liability) asset | (5) | (1,637) | (1,642) | — | (1,642) |
| Impact of change in future tax rates | — | (53) | (53) | — | (53) |
| Issuance of loans collateralized by equity interests | — | (7,413) | (7,413) | (7,340) | (73) |
| Payments received on loans collateralized by equity interests | — | 3,744 | 3,744 | 3,688 | 56 |
| Total | $138,699 | $(28,786) | $109,913 | $150,969 | $(21,384) |

| Year ended December 31, 2019 | Included in Business Combinations | Not included in Business Combinations | Total | Impact on Noncontrolling Interest | Impact on Additional Paid-In Capital |
|---|---|---|---|---|---|
| Fair value of consideration, gross of loans | $32,583 | $ 1,004 | $33,587 | $ 33,587 | $ — |
| Deferred gain (loss) to controlling interest | 4,770 | 9,956 | 14,726 | (14,726) | 14,726 |
| Deferred tax (liability) asset | (1,308) | (493) | (1,801) | — | (1,801) |
| Impact of change in future tax rates | — | (77) | (77) | — | (77) |
| Issuance of loans collateralized by equity interests | — | (4,148) | (4,148) | (3,976) | (172) |
| Payments received on loans collateralized by equity interests | — | 1,947 | 1,947 | 1,867 | 80 |
| Total | $36,045 | $ 8,189 | $44,234 | $ 16,752 | $12,756 |

**Contingent Earnout Obligations** — As of December 31, 2020 and 2019, the fair values of the estimated acquisition earnout payables were reevaluated and measured on a recurring basis using unobservable inputs (Level 3). These fair value estimates are based on projections of the underlying payments and risk-adjusted discount rates. Projections of underlying payments are based on current performance of the underlying business, trends in historical payments for each earnout obligation, original projections from the estimation of the purchase price, and anticipated changes in the related business operations. The range of discount rates used at December 31, 2020, was 2.9% to 8.7%. The range of discount rates used at December 31, 2019, was 2.5% to 7.4%.

(Amounts in thousands except share amounts or as otherwise specified)

## 2. BUSINESS COMBINATIONS (Continued)

The resulting additions, payments, net changes, as well as the interest expense accretion on the estimated acquisition earnout payables, for the years ended December 31, 2020 and 2019, were as follows:

| | |
|---|---|
| Balance as of January 1, 2020 | $ 76,095 |
| Additions to estimated acquisition earnout payables | 69,778 |
| Additions to earnout payables assumed | 1,424 |
| Payments for estimated acquisition earnout payables | (58,512) |
| | 88,785 |
| Net change in earnings from estimated acquisition earnout payables | |
| Change in discounted projected cash flows | 1,966 |
| Interest expense accretion | 6,227 |
| | 8,193 |
| Balance as of December 31, 2020 | $ 96,978 |
| Balance as of January 1, 2019 | $103,194 |
| Additions to estimated acquisition earnout payables | 32,259 |
| Payments for estimated acquisition earnout payables | (66,897) |
| | 68,556 |
| Net change in earnings from estimated acquisition earnout payables | |
| Change in discounted projected cash flows | 1,279 |
| Interest expense accretion | 6,260 |
| | 7,539 |
| Balance as of December 31, 2019 | $ 76,095 |

## 3. CONTRACTS WITH CUSTOMERS

### Contract Assets and Liabilities

Information about unbilled receivables, contract assets and contract liabilities from contracts with the customers is as follows:

| | 2020 | 2019 |
|---|---|---|
| Unbilled receivables | $345,978 | $292,674 |
| Deferred contract costs | 49,097 | 32,413 |
| Accrued contract liabilities | 173,011 | 156,388 |

Unbilled receivables and accrued contract liabilities in part reflects the estimated amount of premiums, commissions, and fees receivable and payable to insurance carriers and outside brokers of $143,412 and $131,670 as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, respectively, the adjustment of $29,599 and $24,718 to accounts payable other consists of commissions payable to producers.

(Amounts in thousands except share amounts or as otherwise specified)

## 3. CONTRACTS WITH CUSTOMERS (Continued)

### Deferred Contract Costs

***Incremental Cost to Obtain*** — The Company defers certain costs to obtain customer contracts related to commission-based compensation plans under which the Company pays an incremental amount of compensation on new business, which are included in other assets in our Consolidated Balance Sheets. Acquired costs to obtain are brought on through purchase accounting with an offset to goodwill. These incremental costs are deferred and amortized over a period commensurate with the expected life of the customer relationship. For incremental costs with an amortization period of less than 12 months, the costs are expensed as incurred.

| | |
|---|---|
| Capitalized incremental costs to obtain customer contracts at January 1, 2019 | $ 7,179 |
| Incremental costs to obtain customer contracts capitalized | 12,022 |
| Incremental costs to obtain customer contracts capitalized with offset to goodwill | 653 |
| Incremental costs to obtain customer contracts expensed | (1,446) |
| Capitalized incremental costs to obtain customer contracts at December 31, 2019 | 18,408 |
| Incremental costs to obtain customer contracts capitalized | 14,421 |
| Incremental costs to obtain customer contracts capitalized with offset to goodwill | 3,406 |
| Incremental costs to obtain customer contracts expensed | (3,035) |
| Capitalized incremental costs to obtain customer contracts at December 31, 2020 | $33,200 |

***Cost to Fulfill*** **—** The Company defers certain costs to fulfill contracts and to recognize these costs as the associated performance obligations are fulfilled, which are included in other assets in our Consolidated Balance Sheets. In order for the contract fulfillment costs to be deferred, the costs must (1) relate directly to a specific contract or anticipated contract, (2) generate or enhance resources that the Company will use in satisfying its obligations under the contract, and (3) be expected to be recovered through sufficient net cash flows from the contract. Acquired costs to fulfill contracts are brought on through purchase accounting with an offset to goodwill.

| | |
|---|---|
| Capitalized costs to fulfill contracts at January 1, 2019 | $ 11,315 |
| Costs to fulfill contracts capitalized | 63,003 |
| Costs to fulfill contracts capitalized with offset to goodwill | 1,830 |
| Costs to fulfill contracts expensed | (62,143) |
| Capitalized costs to fulfill contracts at December 31, 2019 | 14,005 |
| Costs to fulfill contracts capitalized | 72,916 |
| Costs to fulfill contracts capitalized with offset to goodwill | 3,553 |
| Costs to fulfill contracts expensed | (74,577) |
| Capitalized costs to fulfill contracts at December 31, 2020 | $ 15,897 |

(Amounts in thousands except share amounts or as otherwise specified)

## 4. GOODWILL AND INTANGIBLE ASSETS

The changes in goodwill for the years ended December 31, 2020 and 2019 are as follows:

| | 2020 | 2019 |
|---|---|---|
| Balance as of January 1, | $692,393 | $628,143 |
| Goodwill of acquired businesses | 231,278 | 64,579 |
| Disposition | — | (329) |
| Balance as of December 31, | $923,671 | $692,393 |

The changes in indefinite life intangible assets for the years ended December 31, 2020 and 2019 are as follows:

| | 2020 | 2019 |
|---|---|---|
| Balance as of January 1, | $59,469 | $48,535 |
| Indefinite life intangible assets of acquired businesses | 33,934 | 11,005 |
| Indefinite life intangible assets moved to amortizable intangibles | (1,922) | (71) |
| Balance as of December 31, | $91,481 | $59,469 |

Amortizable intangible assets at December 31, 2020 and 2019, consisted of the following:

| 2020 | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
|---|---|---|---|
| Purchased customer accounts | $882,578 | $193,145 | $689,433 |
| Noncompete agreements | 6,827 | 6,346 | 481 |
| Amortizable trade name | 6,301 | 5,309 | 992 |
| Total | $895,706 | $204,800 | $690,906 |

| 2019 | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
|---|---|---|---|
| Purchased customer accounts | $594,912 | $146,076 | $448,836 |
| Noncompete agreements | 6,647 | 6,049 | 598 |
| Amortizable trade name | 7,968 | 6,555 | 1,413 |
| Total | $609,527 | $158,680 | $450,847 |

(Amounts in thousands except share amounts or as otherwise specified)

## 4. GOODWILL AND INTANGIBLE ASSETS (Continued)

Amortization expense for amortizable intangible assets amounted to 50,765 in 2020 and $35,132 in 2019. Amortization expense for amortizable intangible assets for future years is as follows:

| Amortization Expense for the Year Ending December 31, | |
|---|---|
| 2021 | $ 51,221 |
| 2022 | 50,228 |
| 2023 | 49,726 |
| 2024 | 48,851 |
| 2025 | 48,402 |
| Thereafter | 442,478 |
| Total | $690,906 |

## 5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at December 31, 2020 and 2019, consisted of the following:

| | 2020 | 2019 |
|---|---|---|
| Furniture, fixtures, and equipment | $31,065 | $26,537 |
| Construction in progress software | 1,019 | 423 |
| Leasehold improvements | 8,818 | 7,190 |
| | 40,902 | 34,150 |
| Less accumulated depreciation | 23,786 | 19,424 |
| Total | $17,116 | $14,726 |

Depreciation expense amounted to $5,248 in 2020 and $4,292 in 2019.

## 6. OTHER ASSETS

Other assets at December 31, 2020 and 2019, consisted of the following:

| | 2020 | 2019 |
|---|---|---|
| Incremental cost to obtain contracts | $33,200 | $18,408 |
| Cost to fulfill contracts | 15,897 | 14,005 |
| Other | 6,000 | 7,430 |
| Total | $55,097 | $39,843 |

(Amounts in thousands except share amounts or as otherwise specified)

## 7. ACCRUED EXPENSES

Accrued expenses at December 31, 2020 and 2019, consisted of the following:

| | 2020 | 2019 |
|---|---|---|
| Accrued bonuses | $21,449 | $14,516 |
| Accrued compensation and benefits | 11,651 | 7,056 |
| Other | 10,002 | 3,872 |
| Total | $43,102 | $25,444 |

Accrued bonuses represent bonuses earned and payable to management and employees of BroadStreet's subsidiary agencies based upon each individual agency's financial performance and bonuses earned and payable to BroadStreet's management and employees. Accrued compensation and benefits represent earned but unpaid salaries. In addition to the accrued compensation above, accrued producer commissions of $27,673 and $23,266 are included within Accounts payable: other at December 31, 2020 and 2019, respectively.

## 8. DEBT

Debt at December 31, 2020 and 2019 consisted of the following:

| | 2020 | 2019 |
|---|---|---|
| Term loan | $1,401,543 | $865,866 |
| Revolving line of credit | | 7,500 |
| Other notes payable | 9,940 | 10,888 |
| Total | 1,411,483 | 884,254 |
| Less unamortized issuance costs – term loan | (19,647) | (7,885) |
| Less current portion | (15,264) | (10,749) |
| Long-term debt | $1,376,572 | $865,620 |

The revolving line of credit has been classified as long-term in the balance sheet.

**November 8, 2016 Credit Agreement** — On November 8, 2016, BroadStreet entered into an institutional credit agreement with Royal Bank of Canada as administrative agent and certain other banks as co-syndication agents and documentation agents ("November 8, 2016 Credit Agreement") in the initial amount of $510 million consisting of a $410 million term loan and a $100 million revolving line of credit. The term loan may, subject to lenders' discretion, potentially be increased subject to leverage ratio requirements. Total issuance costs of the November 8, 2016 Credit Agreement were $10,058, with $4,600 representing lender fees and $5,458 representing arrangement, legal, and ratings agency fees. The proceeds were used to retire existing term loan and revolving line of credit debt in total of $366,822, pay debt issuance costs, and to provide cash on hand for future acquisitions.

Prior to November 16, 2017, interest and facility fees in respect to the November 8, 2016 Credit Agreement term loan were based on a rate equal to 4.25% above LIBOR (subject to a 1.00% floor) or 3.25% above the prime rate, with revolver interest based on BroadStreet's first lien leverage ratio subject to a rate ranging from 3.50% to 4.00% above LIBOR (subject to a 1.00% floor) or 2.50% to 3.00% above the prime rate. Revolving facility fees included an up-front fee and an availability fee of 0.375% to 0.50%.

**8. DEBT (Continued)**

On November 16, 2017, BroadStreet amended this credit agreement to reprice and increase the term loan. The term loan credit spread was changed from 4.25% above LIBOR (subject to a 1.00% floor) or 3.25% above the prime rate to 3.75% above LIBOR (subject to a 1.00% floor) or 2.75% above the prime rate. The term loan was increased by $175,000, which was used to pay the $144,871 one-time dividend and related costs, pay down the $15,500 balance of the revolving facility, pay the $2,707 of debt issuance costs, and to provide cash on hand for future acquisitions. Of the $2,707 of debt issuance costs, $481 represented lender fees and $2,226 represented arrangement, legal, and ratings agency fees. Terms of the revolving facility were not changed.

On May 18, 2018, BroadStreet amended this credit agreement to reprice and increase the term loan. The term loan credit spread was changed from 3.75% above LIBOR (subject to a 1.00% floor) to 3.25% above LIBOR (subject to a 1.00% floor). The term loan was increased by $15,000, which was used to pay down the balance of the revolving facility and pay the $817 of debt issuance costs. Of the debt issuance costs, all $817 represented arrangement, legal, and ratings agency fees. Terms of the revolving facility were not changed.

On November 5, 2018, BroadStreet amended this credit agreement to increase the term loan. The term loan was increased by $150,000 which was used to finance acquisitions, pay down the $23,000 balance of the revolving facility, pay $1,660 of debt issuance costs, and to provide cash on hand for future acquisitions. Of the debt issuance costs, $188 represented lender fees and $1,472 represented arrangement, legal, and ratings agency fees. Pricing of the term loan and terms of the revolving facility were not changed.

This $150,000 term loan increase was funded in two tranches. On November 5, 2018, $105,000 was funded in conjunction with the acquisition of the Texas Core. On November 30, 2018, the remaining $45,000 was funded to a custodial account (the Alternative Acquisition Account). These funds were restricted for use to fund future acquisitions and were released from restriction in January 2019 in conjunction with the 65% membership interest in retail property casualty agency in Nevada. At December 31, 2018, the Alternative Acquisition Account was classified as Restricted cash.

Prior to July 22, 2019, interest and facility fees in respect to the November 8, 2016 Credit Agreement revolving line of credit were based on a rate ranging from 3.50% to 4.00% above LIBOR (subject to a 1.00% floor) or 2.50% to 3.00% above the prime rate. Revolving facility fees included an up-front fee and an availability fee of 0.375% to 0.50%.

On July 22, 2019, BroadStreet amended this credit agreement to increase, extend, and reprice the revolving line of credit. The availability was increased by $85,000 to $185,000 and the maturity was extended to November 8, 2023 coterminous with the term loan. The $7,500 revolver drawing is payable at the company's discretion, with a maturity of November 2023 coterminous with the term loan. The credit spread was changed to 3.25% above LIBOR (subject to 1% floor), or 2.25% above the prime rate. The availability fee was remained 0.375% to 0.50%. Total issuance costs of the amend and extend transaction were $946, with $560 representing lender fees and $386 representing arrangement, legal, and ratings agency fees.

On July 30, 2019, BroadStreet amended this credit agreement to increase the term loan. The term loan was increased by $135,000 which was used to finance acquisitions, pay down the $54,000 balance

**8. DEBT (Continued)**

of the revolving facility, pay $1,827 of debt issuance costs, and to provide cash on hand for future acquisitions. Of the debt issuance costs, $810 represent lender fees and $1,017 represented arrangement, legal, and ratings agency fees.

**January 27, 2020 Credit Agreement** — On January 27, 2020, BroadStreet entered into an institutional credit agreement with Royal Bank of Canada as administrative agent and certain other banks as co-syndication agents and documentation agents ("January 27, 2020 Credit Agreement") in the initial amount of $1.361 billion consisting of a $1.111 billion term loan (the "Initial Term Loan") and a $250 million revolving line of credit. The term loan may, subject to lenders' discretion, be increased subject to leverage ratio requirements. The revolving facility matures on January 27, 2025 and the term loan matures on January 27, 2027. Total issuance costs of the January 27, 2020 Credit Agreement were $8,067, representing arrangement, legal, and ratings fees. The proceeds were used to retire the existing term loan and revolving line of credit debt in total of $1.045 billion, pay debt issuance costs, and to provide cash on hand for future acquisitions.

Interest and facility fees in respect to the Initial Term Loan are based on BroadStreet's first lien leverage ratio subject to a rate ranging from 3.0% to 3.25% above LIBOR (subject to a 0.00% floor) or 2.00% to 2.25% above the prime rate, with revolver interest based on BroadStreet's first lien leverage ratio subject to a rate ranging from 2.75% to 3.25% above LIBOR (subject to a 0.00% floor) or 1.75% to 2.25% above the prime rate. Revolving facility fees include an availability fee based on BroadStreet's first lien leverage ratio ranging from 0.375% to 0.50%.

On August 5, 2020, the Company amended the credit agreement to add a $225 million non-fungible tranche ("B-1 loans"). Interest and facility fees in respect to the B-1 loans are based on a rate 3.75% above LIBOR (subject to a 1.00% floor) or 2.75% above the prime rate. The proceeds were used to pay down the $132,000 balance of the revolving facility, pay the $6,356 of debt issuance costs, and to provide cash on hand for future acquisitions. Of the $6,356 of debt issuance costs, $4,500 represented lender fees and $1,856 represented arrangement, legal, and ratings agency fees. The B-1 loans mature on January 27, 2027, the same date as the January 27, 2020 Credit Agreement. The B-1 loans carry a 1% prepayment penalty for the first 6 months, through February 5, 2021. The terms and pricing of the January 27, 2020 Credit Agreement for both the term loan and revolving line of credit were unchanged.

**May 27, 2020 Credit Agreement** — On May 27, 2020, the Company entered into an institutional credit agreement with Penfund Partners Inc. ("May 27, 2020 Credit Agreement") in the initial amount of $75 million consisting of a $75 million term loan ("Second Lien Term Loan"). Total issuance costs of the May 27, 2020 Credit Agreement were $2,465. The proceeds were used to repurchase the equity owned by Century Focused Fund III, L.P. (the "Century Transaction") and certain members of management and advisers.

Interest and facility fees in respect to the Second Lien Term Loan were based on a rate equal to 9.0% above LIBOR (subject to a 1% floor), or 8.0% above the prime rate. Total issuance costs of the second lien credit agreement were $2,465, with $1,688 representing lender fees, 2.5% original issuance discount, and $777 representing legal, and ratings fees. The facility matures on July 27, 2027. Prepayments in the first year are subject to a make-whole clause and prepayments in the second year are subject to a 2% penalty.

(Amounts in thousands except share amounts or as otherwise specified)

## 8. DEBT (Continued)

**Long-term Debt Fair Value** — The valuation of the term loans is based on the following observable information: BroadStreet's B credit rating, the yield curve for similarly rated corporate credits, the market LIBOR swap rate, trade prices, where available with sufficient volumes, and the liquidity discount implied at issuance. The fair value calculation modeled an equivalent fixed rate instrument based on term, amortization schedule, the market LIBOR swap rate, and BroadStreet's applicable interest rate pricing margin, with the resulting cash flows discounted using the yield curve for similarly rated corporate credit. The aggregate estimated fair value of Long-term debt was $1,397,589 and $924,431 at December 31, 2020 and 2019, respectively.

**Interest Rate Swap** — On April 29, 2020, BroadStreet entered into a five-year interest rate swap against one-month LIBOR with a $500 million notional value and zero percent floor. The swap is carried at fair value of $3,714 within Other noncurrent liabilities in the accompanying Consolidated Balance Sheets as of December 31, 2020. We record changes in fair value of the swap through Interest expense.

BroadStreet determined the estimated fair value amounts of the Long-term debt and Interest rate swap by using available market information, including trade prices, where available with sufficient volumes, and commonly accepted valuation methodologies resulting in a classification as Level 2 within the fair value hierarchy. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates discussed herein are not necessarily indicative of the amounts that BroadStreet or holders of the instruments could realize in a current market exchange.

**Additional Information** — The obligations under the above credit agreement are secured by the assets of BroadStreet and its subsidiaries and include various covenants, limitations, and events of default that are customary for similar facilities for similar borrowers.

Other notes payable primarily represent debt at certain subsidiaries.

Interest paid in the years ended December 31, 2020 and 2019 was $55,981 and $48,870, respectively.

At December 31, 2020, anticipated maturities of long-term debt are summarized in the table below:

| | 2021 | 2022 | 2023 | 2024 | 2025 | Beyond | Total |
|---|---|---|---|---|---|---|---|
| Anticipated Principal-Term Loan | $13,360 | $13,360 | $13,360 | $13,360 | $13,360 | $1,334,743 | $1,401,543 |
| Anticipated Principal-Seller Finance and Other | 5,407 | 2,450 | 1,244 | 992 | 393 | 26 | 10,512 |
| Anticipated Accretion of Discount | (293) | (157) | (81) | (33) | (3) | (5) | (572) |
| | 18,474 | 15,653 | 14,523 | 14,319 | 13,750 | 1,334,764 | 1,411,483 |
| Anticipated Amortization of Issuance Costs-Term Loan | — | — | — | — | — | — | (19,647) |
| Total | $18,474 | $15,653 | $14,523 | $14,319 | $13,750 | $1,334,764 | $1,391,836 |

(Amounts in thousands except share amounts or as otherwise specified)

## 8. DEBT (Continued)

Issuance costs are amortized on a straight-line basis because the difference between amortization under the straight-line method and the effective interest method is not material. Anticipated accretion of discount relates to seller finance notes assumed in business combinations and discounted to present value in conjunction with purchase accounting.

## 9. INCOME TAXES

Significant components of the provision for income taxes for the years ended December 31, 2020 and 2019, are as follows:

| | 2020 | 2019 |
|---|---|---|
| Current provision | $17,536 | $ 8,583 |
| Deferred provision | (7,203) | (1,594) |
| Total tax provision | $10,333 | $ 6,989 |

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax reporting purposes.

Significant components of BroadStreet's deferred tax assets and liabilities as of December 31, 2020 and 2019, are as follows:

| | 2020 | 2019 |
|---|---|---|
| Deferred tax assets: | | |
| Accruals and reserves | $ 12,268 | $ 11,073 |
| Earnout obligations | 10,925 | 4,779 |
| Other | 893 | 2,646 |
| Total deferred tax assets | 24,086 | 18,498 |
| Deferred tax liabilities: | | |
| Unbilled accounts receivable | (12,191) | (17,257) |
| Deferred expenses | (3,311) | (2,826) |
| Deferred gain/loss on NCI transactions | (5,496) | (3,773) |
| Intangible assets | (7,089) | (8,907) |
| Investment in pass-through entities | (42,194) | (29,157) |
| Other | (1,214) | (1,619) |
| Total deferred tax liabilities | (71,495) | (63,539) |
| Net deferred tax liability | $(47,409) | $(45,041) |

Net income taxes paid in 2020 and 2019 were $21,031 and $14,196, respectively.

For the year ended December 31, 2019, BroadStreet changed the Company's tax-basis accounting method for revenue to align with Topic 606. This change resulted in alignment of revenue recognition for GAAP and tax for all revenue streams and eliminated BroadStreet's uncertain tax position related to

## 9. INCOME TAXES (Continued)

timing of revenue related to contingent commissions. Tax on the cumulative effect of this tax-basis accounting method change will be paid over a four-year period, which started in 2020. The remaining portion of this cumulative effect adjustment, net of the expected future tax deductions on compensation accruals is included within deferred tax liabilities in the table above. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

BroadStreet's effective tax rate is different from its statutory federal tax rate as a result of state taxes and permanent differences between book income and taxable income related to nondeductible expenses and income related to the noncontrolling partners' share of the taxable income related to investments in pass-through entities.

## 10. STOCK OPTIONS AND STOCK-BASED COMPENSATION

**2012 Equity Incentive Plan** — On April 16, 2012, BroadStreet adopted and the stockholders approved an equity incentive plan ("2012 Plan"). The types of awards permitted under the 2012 plan include tax-favored incentive stock options ("qualified options"), nonqualified stock options ("nonqualified options"), restricted stock, and other forms of stock-based payment arrangements. The Executive Committee of the Board of Directors (the "Executive Committee") determines, at its discretion, which employees will receive awards, the types of awards to be received, and the terms and conditions thereof. The 2012 Plan contains provisions, which, in the event of a sale of the Company, may accelerate the vesting of the awards.

Awards relating to not more than 200,000 common share units may be made over the life of the 2012 Plan. Each common share unit consists of one share of Class A common stock and one share of Class B common stock.

The Company's current practice is to grant nonqualified options to certain key employees and board members as part of their total compensation. The terms and conditions of each award are determined by the Executive Committee, including the time or times at which an option may be exercised, the methods by which such exercise price may be paid, and the form of such payment. These option awards generally vest ratably over a period of three to eight years and have a contractual term of 10 years.

At December 31, 2020 and 2019, the Company had outstanding 142,105 and 124,317 nonqualified options that represent 142,105 and 124,317 common share units, respectively. No other share awards have been issued.

(Amounts in thousands except share amounts or as otherwise specified)

## 10. STOCK OPTIONS AND STOCK-BASED COMPENSATION (Continued)

A summary of the status of the 2012 Plan at December 31, 2020 and 2019, and changes during the years then ended is presented in the following table:

| 2020 | Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term |
|---|---|---|---|
| Balance – beginning of year | 124,317 | $165 | 5.1 years |
| Granted | 41,500 | 536 | |
| Exercised | (23,562) | 128 | |
| Forfeited | (150) | 157 | |
| Balance – end of year | 142,105 | 279 | 5.8 years |
| Options vested or expected to vest at December 31, 2020 | 142,105 | 279 | 5.8 years |
| Options exercisable at December 31, 2020 | 67,185 | 144 | 4.2 years |

| 2019 | Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term |
|---|---|---|---|
| Balance – beginning of year | 98,667 | $124 | 5.0 years |
| Granted | 27,000 | 314 | |
| Exercised | (350) | 144 | |
| Forfeited | (1,000) | 233 | |
| Balance – end of year | 124,317 | 165 | 5.1 years |
| Options vested or expected to vest at December 31, 2019 | 124,317 | 165 | 5.1 years |
| Options exercisable at December 31, 2019 | 77,307 | 125 | 4.3 years |

The estimated fair value of options is calculated using the Black-Scholes option pricing valuation model. This model takes into account several factors and assumptions. The risk-free interest rate is based on the yield on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumption at the time of grant. The expected life (estimated period of time outstanding) is estimated using the simplified method using the contractual term of the option and the vesting period. The Company uses a market volatility determined by the volatility of its own share price. The expected dividend yield is based on expected dividends for the expected term of the stock options.

(Amounts in thousands except share amounts or as otherwise specified)

## 10. STOCK OPTIONS AND STOCK-BASED COMPENSATION (Continued)

The following assumptions were used to determine grant date fair value for grants in 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Expected volatility | 16.3% – 16.9% | 14.8% – 17.0% |
| Expected dividends | $— | $— |
| Expected life (years) | 8.0 | 8.0 |
| Risk-free interest rate | 0.44% – 0.74% | 1.84% – 2.25% |

The grant date fair value was $4,406 and $2,014 for awards granted in 2020 and 2019, respectively. All shares include a put and call feature that will allow an employee to put the shares back to the Company or will allow the Company to call the shares under certain circumstances. Management has evaluated the put and call provisions and has determined that due to these provisions the stock options are considered liability awards under the provisions of FASB ASC 718, *Stock-Based Compensation*. ASC 718 requires management to remeasure the fair value of the awards on an annual basis and record any adjustments to the fair value over the life of the award in the Consolidated Statements of Income under noncash stock option expense.

The following assumptions were used to determine the fair value at December 31, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Expected volatility | 16.1% | 16.8% |
| Expected dividends | $— | $— |
| Expected life (years) | 0.2 – 8.0 | 0.7 – 8.0 |
| Risk-free interest rate | 0.08% – 0.74% | 1.48% – 1.86% |

The total fair value liability of the options at December 31, 2020 and 2019, was approximately $44,483 and $33,334, respectively, which were recorded within other noncurrent liabilities in the accompanying Consolidated Balance Sheets. For the years ended December 31, 2020 and 2019, BroadStreet recorded expense of $22,235 and $18,495, respectively, which were recorded in stock option expense in the Consolidated Statement of Income. During the year ended December 31, 2020, certain awards became fully vested. At December 31, 2020 and 2019, the liability for fully vested awards was $9,756 and $5,492, respectively. During the years ended December 31, 2020 and 2019, the Company recorded $11,504 and $4,189 of expense related to the post-vesting period for these awards, respectively. The amounts recorded for the fully vested awards are included in the totals above.

As of December 31, 2020 and 2019, there was $16,903 and $9,688, respectively, of total unrecognized compensation cost related to nonvested stock-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted average period of 3.41 years.

## 11. EMPLOYEE SAVINGS PLANS

Eight of BroadStreet's subsidiary agencies and the employees of BroadStreet Partners, Inc. participate in an Employee Savings Plan (401(k)) under which substantially all employees with more

(Amounts in thousands except share amounts or as otherwise specified)

## 11. EMPLOYEE SAVINGS PLANS (Continued)

than 30 days of service are eligible to participate. Under this plan, BroadStreet makes matching contributions, subject to a maximum of 3.5% of each participant's salary. Each of the remaining subsidiary agencies sponsor their own 401(k) or profit-sharing plan and have similar matching provisions. Total employer contributions under the plans were approximately $8,527 and $6,177 for the years ended December 31, 2020 and 2019, respectively.

## 12. RELATED-PARTY TRANSACTIONS

Certain BroadStreet subsidiaries lease office space from former owners of acquired agencies as well as from current holders of noncontrolling interest. These leases are generally at market rates. During the years ended December 31, 2020 and 2019, total rent paid to related parties amounted to $7,240 and $5,967 respectively. The Second Lien Term Loan is held by a minority owner of the Company. On July 1, 2020, the Company, through one of its subsidiaries, purchased an agency that was owned by a member of the Company's management for approximately $10,300.

## 13. COMMITMENTS AND CONTINGENCIES

BroadStreet leases facilities and certain other items of office equipment with unrelated parties under noncancelable operating lease arrangements expiring on various dates through 2032. The facility leases generally contain renewal options and escalation clauses based on increases in the lessee's operating expenses and other charges. BroadStreet anticipates that most of these leases will be renewed or replaced upon expiration.

At December 31, 2020, the aggregate future minimum lease payments under all noncancelable lease agreements in excess of one year were as follows:

| Years Ending December 31 | |
|---|---|
| 2021 | $22,510 |
| 2022 | 17,528 |
| 2023 | 12,219 |
| 2024 | 9,183 |
| 2025 | 6,770 |
| Thereafter | 19,358 |
| Total future minimum lease payments | $87,568 |

Rental expense incurred under operating leases during the years ended December 31, 2020 and 2019, was $25,890 and $20,498, respectively.

BroadStreet is not party to any legal proceedings other than various claims and lawsuits arising in the normal course of business. Management of BroadStreet does not believe that any such claims or lawsuits will have a material effect on BroadStreet's financial condition or results of operations.

## 14. COMMON SHARES

As part of the Century Transaction, the Company redeemed all Class A and Class B shares of Century Focused Fund III, L.P. to facilitate the end of that fund's lifecycle. In conjunction with the

(Amounts in thousands except share amounts or as otherwise specified)

## 14. COMMON SHARES (Continued)

Century Transaction, the Company received a capital contribution from Century Focused Fund IV — BSP Holdings, LLC; Penfund Capital Fund VI Limited Partnership; and Penfund Capital Fund VI U.S. Limited Partnership. In conjunction with the Century Transaction, the Company created Class C shares.

| | Class A | Class B | Class C |
|---|---|---|---|
| Shares issued and outstanding – January 1, 2019 | 1,447,020 | 1,447,020 | — |
| Exercise of stock options | 350 | 350 | — |
| Shares issued and outstanding – December 31, 2019 | 1,447,370 | 1,447,370 | — |
| Shares issued | 110,058 | 110,058 | 1 |
| Shares redeemed | (292,367) | (292,367) | — |
| Exercise of stock options | 7,057 | 7,057 | — |
| Shares issued and outstanding – December 31, 2020 | 1,272,118 | 1,272,118 | 1 |

Class A shareholders are entitled to one vote per share on matters voted on by shareholders with the exception of the election of any directors of the Company. Class A shareholders shall be entitled to receive dividends and distributions in the event of liquidation.

Class B shares are not entitled to a vote on any matters other than the election of directors of the Company. Class B shareholders are also not entitled to any dividends or liquidation proceeds except for a return of payment of $0.00024 per share.

Class C shares are not entitled to a vote on any matters, but are entitled to a dividend declared by the Board of Directors each year. Class C shareholders are also not entitled to any liquidation proceeds.

All shares are subject to restrictions on transferability, as well as certain call and put options, as outlined in the shareholders' agreement. Shares owned by certain members of management and certain members of the board of directors include a noncontingent put feature that allows the shareholder to put the shares to the Company at fair value beginning eight years from the issuance date of the shares. We estimate the fair value of these shares based on our estimate of the share price as of the balance sheet date. The most significant inputs are EBITDA multiple and pro forma EBITDA adjustments for known acquisitions.

## 15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the consolidated financial statements were available to be issued on March 19, 2021.

**Business Combinations** — From January 1, 2021 through March 19, 2021, BroadStreet subsidiaries acquired the assets of more than ten general insurance agencies. In conjunction with these acquisitions, BroadStreet paid $12,917 of net cash and established $3,735 of estimated contingent future payments. The results of these operations will be included in BroadStreet's consolidated financial statements beginning on the effective date of each acquisition. The valuation analysis related to purchase accounting is not yet finalized for these transactions.

******

# BroadStreet Partners, Inc.

## Consolidated Financial Statements as of and for the Years Ended December 31, 2018 and 2017, and Independent Auditors' Report

## BROADSTREET PARTNERS, INC.

## TABLE OF CONTENTS

**Deloitte & Touche LLP**
180 East Broad Street
Suite 1400
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647
www.deloitte.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
BroadStreet Partners, Inc.
Columbus, Ohio

We have audited the accompanying consolidated financial statements of BroadStreet Partners, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, total equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BroadStreet Partners, Inc. and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

March 27, 2019

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED BALANCE SHEETS
## AS OF DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 52,689,171 | $ 39,912,893 |
| Restricted cash and cash equivalents | 113,456,971 | 46,839,499 |
| Investments | 1,258,813 | 1,371,693 |
| Accounts receivable: | | |
| Trade (net of allowance for doubtful accounts and cancellation reserve of $12,733,931 at December 31, 2018; $9,816,860 at December 31, 2017) | 108,872,917 | 83,871,877 |
| Other | 851,704 | 455,134 |
| Current income taxes receivable | 1,489,530 | 8,208,606 |
| Prepaid expenses and other current assets | 2,569,982 | 1,438,633 |
| Total current assets | 281,189,088 | 182,098,335 |
| EQUIPMENT AND LEASEHOLD IMPROVEMENTS – Net | 11,832,178 | 9,111,813 |
| GOODWILL | 628,142,711 | 524,292,454 |
| INDEFINITE LIFE INTANGIBLE ASSETS | 48,534,935 | 38,391,132 |
| AMORTIZABLE INTANGIBLE ASSETS – Net | 359,460,404 | 254,267,899 |
| OTHER ASSETS | 8,681,223 | 7,698,411 |
| TOTAL ASSETS | $1,337,840,539 | $1,015,860,044 |
| **LIABILITIES AND EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | $ 72,824,043 | $ 17,080,196 |
| Accounts payable: | | |
| Trade | 138,550,853 | 94,670,631 |
| Other | 18,227,612 | 15,552,637 |
| Current income taxes payable | 953,500 | 18,536 |
| Accrued expenses | 24,473,982 | 16,600,269 |
| Total current liabilities | 255,029,990 | 143,922,269 |
| LONG-TERM DEBT | 774,638,873 | 622,554,818 |
| NONCURRENT DEFERRED INCOME TAXES – Net | 8,497,699 | 16,149,700 |
| OTHER NONCURRENT LIABILITIES | 30,625,132 | 20,336,718 |
| Total liabilities | 1,068,791,694 | 802,963,505 |
| TOTAL EQUITY: | | |
| Common stock, Class A, no par value – authorized 5,000,000 shares; issued and outstanding 1,447,020 shares at December 31, 2018 and 2017 | — | — |
| Common stock, Class B, no par value – authorized 5,000,000 shares; issued and outstanding 1,447,020 shares at December 31, 2018 and 2017 | — | — |
| Additional paid-in capital | 69,946,664 | 64,000,216 |
| Retained earnings | 11,196,185 | 10,618,167 |
| Accumulated other comprehensive income | 257,385 | 491,740 |
| Total BroadStreet Partners, Inc.’s equity | 81,400,234 | 75,110,123 |
| NONCONTROLLING INTEREST | 187,648,611 | 137,786,416 |
| Total equity | 269,048,845 | 212,896,539 |
| TOTAL LIABILITIES AND EQUITY | $1,337,840,539 | $1,015,860,044 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF INCOME
## FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| REVENUES: | | |
| Commissions and fees | $507,996,602 | $447,384,454 |
| Investment income | 891,846 | 882,768 |
| Realized gains – net | 545,306 | 943,215 |
| Other income | 1,800,468 | 1,337,374 |
| Total revenues | 511,234,222 | 450,547,811 |
| EXPENSES: | | |
| Employee compensation and benefits | 307,136,308 | 269,169,534 |
| Other operating expenses | 76,092,552 | 68,906,065 |
| Amortization | 25,785,586 | 20,694,412 |
| Depreciation | 2,997,348 | 2,659,318 |
| Interest | 42,555,148 | 32,123,290 |
| Stock option expense | 9,155,638 | 6,333,221 |
| Change in estimated acquisition earnout payables | 12,463,012 | (1,847,786) |
| Total expenses | 476,185,592 | 398,038,054 |
| INCOME BEFORE INCOME TAXES | 35,048,630 | 52,509,757 |
| INCOME TAXES | 3,130,126 | 5,965,432 |
| NET INCOME | 31,918,504 | 46,544,325 |
| LESS NET INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTERESTS | 22,681,487 | 19,385,956 |
| NET INCOME ATTRIBUTABLE TO BROADSTREET PARTNERS, INC. | $ 9,237,017 | $ 27,158,369 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| NET INCOME | $31,918,504 | $46,544,325 |
| OTHER COMPREHENSIVE INCOME – Net of tax Unrealized (losses) gains – net of tax | (234,355) | (16,167) |
| Comprehensive income – net of tax | 31,684,149 | 46,528,158 |
| Less comprehensive income attributable to noncontrolling interests | 22,609,414 | 19,361,762 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO BROADSTREET PARTNERS, INC. | $ 9,074,735 | $27,166,396 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF TOTAL EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | BroadStreet Partners, Inc. | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Additional Paid-In Capital | Retained Earnings | Total Accumulated Other Comprehensive Income | Total | Noncontrolling Interests | Total |
| BALANCES – January 1, 2017 | $— | $111,491,524 | $ 75,507,168 | $ 420,963 | $ 187,419,655 | $119,624,084 | $ 307,043,739 |
| Net income | — | — | 27,158,369 | — | 27,158,369 | 19,385,956 | 46,544,325 |
| Net unrealized holding loss on marketable securities – net of tax | — | — | — | (16,167) | (16,167) | — | (16,167) |
| Issuance of common stock | — | 2,101,074 | — | — | 2,101,074 | — | 2,101,074 |
| Dividends | — | (51,533,881) | (93,336,900) | — | (144,870,781) | — | (144,870,781) |
| Distributions to noncontrolling interests | — | — | — | — | — | (19,867,364) | (19,867,364) |
| Change in fair value of redeemable common shares | — | (1,376,474) | 1,376,474 | — | — | — | — |
| Acquisitions and other transactions impacting noncontrolling interests – net of related loans | — | 3,317,973 | — | — | 3,317,973 | 18,643,740 | 21,961,713 |
| Reclassification of impact of change in tax rates on accumulated other comprehensive income | — | — | (86,944) | 86,944 | — | — | — |
| BALANCES – December 31, 2017 | — | 64,000,216 | 10,618,167 | 491,740 | 75,110,123 | 137,786,416 | 212,896,539 |
| Net income | — | — | 9,237,017 | — | 9,237,017 | 22,681,487 | 31,918,504 |
| Net unrealized holding loss on marketable securities – net of tax | — | — | — | (234,355) | (234,355) | — | (234,355) |
| Distributions to noncontrolling interests | — | — | — | — | — | (35,718,722) | (35,718,722) |
| Change in fair value of redeemable common shares | — | 8,658,999 | (8,658,999) | — | — | — | — |
| Acquisitions and other transactions impacting noncontrolling interests – net of related loans | — | (2,712,551) | — | — | (2,712,551) | 62,899,430 | 60,186,879 |
| BALANCES – December 31, 2018 | $— | $ 69,946,664 | $ 11,196,185 | $ 257,385 | $ 81,400,234 | $187,648,611 | $ 269,048,845 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 31,918,504 | $ 46,544,325 |
| Adjustments to reconcile net income to net cash provided by operating activities – net of effect from agency acquisitions and disposals: | | |
| Depreciation | 2,997,348 | 2,659,318 |
| Amortization | 25,785,586 | 20,694,412 |
| Provision for doubtful accounts and cancellations | 891,391 | 831,355 |
| Noncash expense related to stock option awards | 9,155,638 | 1,194,001 |
| Change in estimated acquisition earnout payables | 12,463,012 | (1,847,786) |
| Imputed interest expense | 4,885,810 | 4,010,370 |
| Amortization of debt issuance costs | 2,558,474 | 3,708,735 |
| Equity Method earnings of unconsolidated subsidiaries | (143,604) | (161,181) |
| Deferred income taxes | (6,721,534) | (5,509,372) |
| Realized (gains) losses – net | (545,306) | (943,215) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (13,020,941) | (5,892,134) |
| Income tax receivable/payable | 7,654,040 | (7,369,929) |
| Prepaid expenses and other assets | (1,149,393) | 803,774 |
| Accounts payable | 24,518,187 | 1,887,554 |
| Accrued expenses | 4,818,860 | 2,416,009 |
| Other noncurrent liabilities | 71,005 | 874,151 |
| Net cash provided by operating activities | 106,137,077 | 63,900,387 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (4,223,849) | (3,331,438) |
| Purchase and sale of investments – net | 40,784 | 319,126 |
| Payments for agencies acquired – net of cash acquired | (124,562,761) | (81,317,420) |
| Proceeds from agency assets sold – net of cash sold | 1,726,411 | 1,149,136 |
| Net cash used in investing activities | (127,019,415) | (83,180,596) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from revolving line of credit | 81,000,000 | 47,000,000 |
| Proceeds from long-term borrowings | 165,000,000 | 175,000,000 |
| Payments on debt | (104,870,568) | (65,075,406) |
| Cash distributions to stockholders and noncontrolling interests | (35,718,772) | (164,738,145) |
| Issuance of common stock | | 2,101,074 |
| Financing costs paid | (2,476,566) | (2,706,764) |
| Cash (paid) received in transactions with noncontrolling interests – net of related loans | (2,658,006) | (785,778) |
| Net cash (used in) provided by financing activities | 100,276,088 | (9,205,019) |
| NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | 79,393,750 | (28,485,228) |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH: | | |
| Beginning of year | 86,752,392 | 115,237,620 |
| End of year | $ 166,146,142 | $ 86,752,392 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
## FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES ACQUISITION OF CERTAIN AGENCY ASSETS: | | |
| Cash, cash equivalents, and restricted cash | $ 11,929,942 | $ 1,279,168 |
| Accounts receivable | 13,268,060 | 5,301,160 |
| Equipment and leasehold improvements – net | 1,548,786 | 471,466 |
| Investments and other assets | 2,614,399 | 16,789 |
| Amortizable intangible assets – customer accounts | 127,226,638 | 61,305,351 |
| Amortizable intangible assets – noncompete agreements | 111,476 | 58,035 |
| Amortizable intangible assets – trade names | 611,245 | 675,009 |
| Goodwill | 103,850,257 | 59,813,730 |
| Indefinite-lived intangible assets | 13,289,582 | 4,180,365 |
| Total assets acquired | 274,450,385 | 133,101,073 |
| LIABILITIES ASSUMED | 25,431,008 | 5,530,733 |
| NONCONTROLLING INTEREST | 66,060,866 | 26,347,926 |
| NET ASSETS ACQUIRED | 182,958,511 | 101,222,414 |
| LESS: | | |
| Future contingent earn-outs recorded as notes payable | 42,741,739 | 18,247,578 |
| Future guaranteed payments recorded as notes payable | 669,217 | 378,248 |
| Future payments for tangible net worth | 3,054,853 | — |
| Cash acquired | 11,929,942 | 1,279,168 |
| Total payments for agencies acquired – net of cash acquired | $124,562,760 | $ 81,317,420 |
| CASH RECEIVED (PAID) IN TRANSACTIONS WITH NONCONTROLLING INTERESTS – Net of related loans | | |
| Noncontrolling interest issued in exchange for loans | $ (1,088,961) | $ (3,230,994) |
| Payments received on noncontrolling interest stock loans | 1,638,552 | 804,579 |
| (Payments) Proceeds in non-controlling interest transactions | (7,280,253) | 1,165,980 |
| Total cash (paid) received in transactions with noncontrolling interests – net of related loans | $ (6,730,662) | $ (1,260,435) |
| DEFERRED TAX LIABILITY RECORDED IN NONCONTROLLING INTEREST TRANSACTIONS | $ (984,331) | $ 1,552,202 |
| LONG TERM DEBT ISSUED IN EXCHANGE FOR MEMBERSHIP INTEREST OF CONSOLIDATED SUBSIDIARIES IN NONCONTROLLING INTEREST TRANSACTIONS | $ 4,072,656 | $ 433,112 |
| DEFERRED TAX LIABILITY RECORDED RELATED TO UNREALIZED GAINS AND LOSSES ON INVESTMENTS IN AVAILABLE FOR SALE SECURITIES | $ (79,421) | $ 233,610 |

See notes to consolidated financial statements.

## BROADSTREET PARTNERS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations** — BroadStreet Partners, Inc., an Ohio Corporation, is a diversified insurance agency and brokerage holding company. BroadStreet Partners, Inc. and its subsidiaries (collectively, "BroadStreet", the "Company", or "we") market and sell insurance products and services. The Company's primary focus is property casualty, but also has an employee benefits presence in certain geographies.

At December 31, 2018, the outstanding common shares of BroadStreet are owned by 2264891 Ontario Limited, a wholly-owned subsidiary of a Canadian pension fund; Century Focused Fund III, L.P; and certain members of management. See Note 14 for more information on the common shares.

**Basis of Presentation** — The accompanying consolidated financial statements include the accounts of BroadStreet and its controlled subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Any outside or third-party interests in BroadStreet's net income and net assets are reflected as noncontrolling interest in the accompanying consolidated financial statements.

**Revenue Recognition** — Commission revenues are recognized when earned, which is generally when evidence of an agreement exists, services have been rendered, the price is fixed and determinable, and collectability is reasonably assured. Commission revenues on premiums billed by the Company are recognized as of the effective date of the insurance policy or the date on which the policy premium is billed to the customer, whichever is later. Commissions on premiums billed directly by insurance companies are recognized as revenue as of the effective date of the insurance policy, which includes an estimate for amounts for which the cash has not yet been received from the insurance company. Subsequent commission adjustments are recognized upon notification from the insurance companies. Commission revenues are recognized net of any wholesale broker commissions. Contingent commissions from insurance companies are recognized when received or upon notification of the amount from the insurance companies. Fee income is recognized as services are rendered.

**Use of Estimates** — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management uses estimates and assumptions in accounting for the following significant matters, among others: commissions receivable from insurance companies, allowance for doubtful accounts and cancellation reserve, goodwill and other intangible asset impairment analyses, including the assumptions used to estimate future cash flows, useful lives of intangible assets, and the fair value of assets acquired, liabilities assumed, and earnout payables recorded from acquisitions. BroadStreet continually evaluates these estimates, which are based on historical experience and on assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for BroadStreet's judgments about the carrying values of the assets and liabilities for which values are not readily apparent from other sources. Actual results may differ from these estimates.

**Cash and Cash Equivalents** — Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments with quoted market prices having maturities of three months or less when purchased. The demand deposits regularly exceed federally insured limits.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BroadStreet has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Restricted Cash and Cash Equivalents and Trade Accounts Receivable** — In its capacity as an insurance agent or broker, BroadStreet typically collects premiums from insureds and, after deducting its authorized commission, remits the net premiums to the appropriate insurance company or companies. Accordingly, premiums receivable from insureds are included in trade accounts receivable in the consolidated balance sheets. BroadStreet has a fiduciary responsibility for unremitted net insurance premiums until they are remitted to the insurance company. BroadStreet invests these unremitted funds only in cash, money market accounts, and commercial paper held for a short term. In certain states in which BroadStreet operates, the use and investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as restricted cash on the consolidated balance sheets. The interest income earned on these unremitted funds is reported as investment income in the consolidated statements of income. At December 31, 2018 and 2017, fiduciary assets of $138,550,853 and $94,670,631, comprised of $68,456,971 and $46,839,499 of Restricted cash and cash equivalents and $70,093,882 and $47,831,132 of Accounts receivable — trade, are offset by $138,550,853 and $94,670,631 of Accounts payable — trade, respectively.

In other circumstances, the insurance companies collect the premiums directly from the insureds and remit the applicable commissions to BroadStreet. Commissions due from insurance companies are included in trade accounts receivable in the consolidated balance sheets.

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Trade receivables are also adjusted for an estimate of future cancellations, premium audit adjustments, and policy changes in effect at the balance sheet date but not yet reflected in commission receipts. These estimates are based on historical adjustments for these items in relation to the gross amounts.

Also included in the balance of Restricted cash and cash equivalents at December 31, 2018 is $45,000,000 borrowed in November 2018 and restricted for use only to fund future acquisitions. This arrangement is discussed further in Note 7.

**Investments** — BroadStreet's marketable equity and debt securities have been classified as "available-for-sale" and are reported at estimated fair value with unrealized gains and losses, net of tax, reported as a separate component of equity. Realized gains and losses and declines in value below cost that are judged to be other-than-temporary on available-for-sale securities are included in realized gains and losses. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income in the consolidated statements of income. Nonmarketable equity interests and certificates of deposit having maturities of more than three months when purchased are reported at cost and are adjusted for other-than-temporary market value declines.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Equipment and Leasehold Improvements** — Equipment (comprised of furniture, fixtures, and office equipment) and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in income. Depreciation has been determined using the straight-line method over the estimated useful lives of the related assets, which range from three to 10 years. Leasehold improvements are amortized on the straight-line method over the lesser of the estimated useful life or the term of the related lease.

**Goodwill and Other Intangible Assets** — The excess of the purchase price of an acquisition over the fair value of the identifiable tangible net assets and amortizable intangible assets are assigned to goodwill and other indefinite life intangible assets. While goodwill and indefinite life intangibles (i.e., trade names) are not amortizable, they are subject to at least an annual assessment for impairment by applying a fair-value based test. Initially, BroadStreet assesses various qualitative factors to determine whether it is more likely than not that the fair value of each of its reporting units is less than its carrying amount. For those reporting units where, based on the qualitative factors only, it is more likely than not that the fair value is less than the carrying amount, BroadStreet compares the estimated fair value of each reporting unit with its carrying amount on a quantitative basis to determine if there is potential impairment of goodwill. Fair value is estimated based on multiples of revenues, earnings before interest, income taxes, depreciation, and amortization ("EBITDA") and discounted estimated future cash flows. If the estimated fair value of the reporting unit is less than the carrying value, an impairment loss would be recorded to the extent that the fair value of the reporting unit is less than its carrying value. BroadStreet completed assessments as of September 30, 2018 and 2017, and identified no impairments.

Amortizable intangible assets are stated at cost, less accumulated amortization, and primarily consist of purchased customer accounts, noncompete agreements, and trade names. Amortizable intangible assets are being amortized on a straight-line basis over the related estimated lives and contract periods, which range from two to five years for noncompete agreements, one to three years for trade names, and 10 to 21 years for customer accounts. Purchased customer accounts primarily consist of relationships and records obtained from acquired businesses that contain information about insurance policies and the related insured parties that is essential to policy renewals.

The carrying value of amortizable intangibles attributable to each asset group comprising BroadStreet is reviewed annually by management to determine if the facts and circumstances suggest that they may be impaired or if there is a change in the remaining useful life. In the insurance agency and brokerage industry, it is common for agencies or customer accounts to be acquired at a price determined as a multiple of their corresponding revenues or EBITDA. Accordingly, BroadStreet assesses the carrying value of its intangible assets by comparison of a reasonable multiple applied to either corresponding revenues or EBITDA, as well as considering the estimated future cash flows generated by the corresponding reporting unit. Any impairment identified through this assessment may require that the carrying value or remaining useful life of related intangible assets be adjusted. There were no impairments of amortizable intangible assets during the years ended December 31, 2018 and 2017.

**Income Taxes** — BroadStreet files a consolidated federal income tax return as well as unitary state income tax returns in various state jurisdictions. BroadStreet's subsidiaries also file separate returns in certain state jurisdictions. For the consolidated federal income tax return and unitary state income tax

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

returns, the members of the consolidated group make payments to the parent company for their allocated share of the consolidated income tax liability, which approximates the amounts that would be reported if the subsidiary was separately filing its tax returns, but with current credit for net operating losses. BroadStreet's tax years 2013 and forward are open for examination by the Internal Revenue Service ("IRS").

Deferred income taxes are provided on the asset and liability method, whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax differences relate primarily to basis differences in investments in pass-through entities, earnout obligations, and intangible assets. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates anticipated to be in effect at the time of the reversal of the temporary difference.

Uncertain tax positions are measured based upon the facts and circumstances that exist at each reporting period and involve significant management judgment. Subsequent changes in judgment based upon new information may lead to changes in recognition or measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in our provision for income taxes.

**Adopted Accounting Pronouncements** — In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business,* which narrows the definition of a business for business combination accounting. The new guidance was effective for the year ending December 31, 2018, and its adoption did not have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,* which simplifies the annual impairment test for goodwill. The new guidance eliminates Step 2 of the goodwill impairment test. Instead, the updated guidance requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of the reporting unit to its carrying value, and recognizing a noncash impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value with the loss not exceeding the total amount of goodwill allocated to that reporting unit. We elected to early adopt this guidance for the year ended December 31, 2018. The provisions of ASU No. 2017-04 did not have an impact on Company's consolidated financial statements for the year ended December 31, 2018 and would not have had any impact on Company's consolidated financial statements for the year ended December 31, 2017.

**Pending Accounting Pronouncements** — In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. ASU No. 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets and supersedes the revenue recognition requirements in FASB Accounting Standards Codification Topic 605, *Revenue Recognition*, and most

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

industry-specific guidance. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use significant judgment and make significant estimates. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In August 2015, the FASB issued ASU No. 2015-14, which deferred the effective date of ASU No. 2014-09 for the Company until the year ending December 31, 2019. At that time, the Company may adopt the new standard under the full retrospective approach or the modified retrospective approach. Early adoption for the year ended December 31, 2018, is permitted. The Company will not early adopt ASU No. 2014-09 and is currently evaluating the method and impact the adoption of ASU No. 2014-09 will have on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which introduces a lessee model that brings most leases onto the balance sheet and includes new guidance for identifying and classifying lease arrangements. The new guidance will be effective for the year ending December 31, 2020, with early adoption permitted. When adopted, prior periods will be revised to incorporate the effects of the new guidance. The Company is currently evaluating the impact the adoption of ASU No. 2016-02 will have on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*, which eliminates diversity in practice with regard to classification of certain types of transactions within the statements of cash flows. Among the transaction types impacted by the new guidance are payments of debt issuance costs, principal payments on zero-coupon debt instruments, and payments of contingent consideration. The new guidance will be effective for the year ending December 31, 2019, with early adoption permitted. When adopted, prior periods will be revised to incorporate the effects of the new guidance. The Company is currently evaluating the impact the adoption of ASU No. 2016-15 will have on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires deferral of certain implementation costs associated with a cloud computing arrangement or hosting arrangement thereby aligning deferral of such costs with implementation costs associated with developing internal-use software. Accounting for the service component of a hosting arrangement remains unchanged. An entity will defer these implementation costs over the term of the hosting arrangement, including optional renewal periods that are reasonably certain of exercise. Amounts expensed would be presented through operating expense, rather than depreciation or amortization. The new guidance is effective for the year ending December 31, 2021, with early adoption permitted. When ASU No. 2018-15 is adopted, the Company will have the option to choose whether or not prior periods will be revised to incorporate the effects of the new guidance. We are currently assessing the impact that adopting this guidance will have on the Company's consolidated financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Subsequent Events** — Subsequent events have been evaluated through the date and time the consolidated financial statements were available to be issued on March 27, 2019. No material subsequent events have occurred since December 31, 2018, that required recognition or disclosure in the consolidated financial statements, except as disclosed in Note 15.

## 2. BUSINESS COMBINATIONS

The results of each business combination are included in BroadStreet's consolidated financial statements beginning the effective date of the acquisition.

**Business Combinations in 2018** — On January 1, 2018, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property and casualty agency located in Kentucky ("Kentucky Secondary"). The aggregate purchase price was $25,767,483, including $19,030,804 in cash payments, the establishment of $3,794,732 of estimated contingent future payments, and $2,941,946 of noncontrolling interest in the acquiring subsidiary.

On July 1, 2018, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property and casualty agency located in Colorado ("Colorado Secondary"). The aggregate purchase price was $10,750,995, including $7,750,000 in cash payments, the establishment of $750,995 of estimated contingent future payments, and $2,250,000 of noncontrolling interest in the acquiring subsidiary.

On October 1, 2018, BroadStreet entered into an agreement to acquire 70% membership interest in a retail property casualty agency headquartered in Florida ("Florida Core"). The aggregate purchase price was $44,375,219, including $17,018,050 in cash payments, $793,407 of near-term future cash payments included in Accrued expenses at December 31, 2018, the establishment of $13,251,196 of estimated contingent future payments, and establishment of $13,312,566 of noncontrolling interest.

On November 1, 2018, BroadStreet entered into an agreement to acquire 60% membership interest in a retail property casualty agency primarily located in Texas ("Texas Core"). The aggregate purchase price was $113,037,396, including $54,100,000 in cash payments, $2,261,446 of near-term future cash payments included in Accrued expenses at December 31, 2018, the establishment of $10,619,596 of estimated contingent future payments, and $46,056,354 of noncontrolling interest.

BroadStreet, through various of its subsidiaries, also acquired most of the assets of 30 other general insurance agencies during 2018. The aggregate purchase price consisted of $38,593,850 in cash payments, $14,325,220 of contingent consideration obligations, $669,214 of guaranteed future payments, and $1,500,000 of noncontrolling interest.

The recorded purchase price for all acquisitions includes an estimation of the fair value of liabilities associated with any potential contingent future payments, or earnout obligations. Subsequent changes in the fair value of earnout obligations will be recorded in the consolidated statements of income when determined.

The fair value of earnout obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management and reflects market participant

## 2. BUSINESS COMBINATIONS (Continued)

assumptions regarding revenue growth and/or profitability. The range of revenue growth rates used in these estimates for 2018 acquisitions was generally -2% to 5%. The expected future payments are estimated on the basis of the earnout formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earnout payments will be made. The range of discount rates used in these estimates for 2018 acquisitions was 5% to 11%.

The following table summarizes the estimated fair values and maximum contractual amounts of contingent earnout obligations as of the date of each acquisition:

| | Florida Core | Texas Core | Kentucky Secondary | Colorado Secondary | Other Acquisitions | Total |
|---|---|---|---|---|---|---|
| Recorded contingent earnout obligation with contractual maximum | $13,251,196 | $10,619,596 | $3,794,732 | $ 750,995 | $14,049,876 | $42,466,395 |
| Recorded contingent earnout obligation with no contractual maximum | — | — | — | — | 275,344 | 275,344 |
| Contractual maximum contingent earnout obligation (undiscounted) | 14,345,368 | 12,000,000 | 5,984,849 | 1,000,000 | 20,726,971 | 54,057,188 |
| Assumed contingent earnout obligation with contractual maximum | — | — | 172,234 | — | — | 172,234 |
| Assumed contingent earnout obligation with no contractual maximum | — | | — | — | — | — |
| Contractual maximum contingent earnout obligation on assumed obligations (undiscounted) | — | — | 192,500 | — | — | 192,500 |

The fair value of noncontrolling interest is based on the noncontrolling owners' economic interest in the net assets acquired and the purchase price of the controlling interest.

The fair values of purchased customer accounts are determined based on the multiple period excess earnings method. Significant assumptions include projected rate and exposure growth in the premiums giving rise to the commission revenue based on the history of the acquired book of business and the history of the acquiring core operation, projected annual survivorship of customer accounts, contributory asset charges based on the values estimated for other intangible assets acquired, and ratios of payroll and other expenses to projected commission revenue.

The fair values of amortizable and indefinite-lived trade names are determined based on the relief from royalty method. Significant assumptions include estimated royalty rates based on industry data of royalties charged for leased trade names and revenue growth rates based on the historical revenue growth rates in the acquired book of business and the historical revenue growth rates of the acquiring core operation.

## 2. BUSINESS COMBINATIONS (Continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of each acquisition:

| | Florida Core | Texas Core | Kentucky Secondary | Colorado Secondary | Other Acquisitions | Total |
|---|---|---|---|---|---|---|
| Cash, cash equivalents, and restricted cash | $ 2,336,946 | $ 9,489,803 | $ 103,193 | $ — | $ — | $ 11,929,942 |
| Investments | — | 58,134 | — | — | — | 58,134 |
| Accounts receivable | (20,531) | 12,347,942 | 733,472 | — | 207,177 | 13,268,060 |
| Furniture, fixtures, and equipment | 223,244 | 989,058 | 42,100 | 49,130 | 245,254 | 1,548,786 |
| Other assets | 25,441 | 2,530,824 | — | — | — | 2,556,265 |
| Purchased customer accounts | 17,967,702 | 54,058,295 | 14,803,304 | 7,099,632 | 33,297,705 | 127,226,638 |
| Noncompete agreements | — | — | 62,968 | — | 48,508 | 111,476 |
| Amortizable trade names | — | — | | 65,379 | 545,866 | 611,245 |
| Goodwill | 23,100,501 | 45,897,616 | 10,893,488 | 3,536,854 | 20,421,798 | 103,850,257 |
| Indefinite-lived trade names | 1,736,075 | 9,660,268 | 1,513,681 | — | 379,558 | 13,289,582 |
| Total assets acquired | 45,369,378 | 135,031,940 | 28,152,206 | 10,750,995 | 55,145,866 | 274,450,385 |
| Deferred tax liabilities (assets) | (2,817) | (47,867) | 104,655 | — | 29,822 | 83,793 |
| Current liabilities | 986,860 | 20,666,937 | 355,452 | — | 27,761 | 22,037,010 |
| Noncurrent liabilities | 10,116 | 1,375,473 | 1,924,616 | — | — | 3,310,205 |
| Total liabilities assumed | 994,159 | 21,994,543 | 2,384,723 | — | 57,583 | 25,431,008 |
| Noncontrolling interest | 13,312,566 | 46,056,354 | 2,941,946 | 2,250,000 | 1,500,000 | 66,060,866 |
| Net assets acquired | $31,062,653 | $ 66,981,043 | $22,825,537 | $ 8,500,995 | $53,588,283 | $182,958,511 |

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts: 17.0 years, noncompete agreements: 3.4 years, amortizable trade names: 2.0 years.

Of the $245,089,198 of goodwill and intangible assets acquired and assigned to reporting units, $202,175,225 is immediately amortizable for tax deductions. The $42,913,973 of the purchase prices represented by earnout obligations will be amortizable for tax purposes as the amounts are paid.

**Business Combinations in 2017** — On January 1, 2017, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property casualty agency located in Ohio ("Ohio Secondary"). The aggregate purchase price was $15,365,954, including $6,940,000 in cash payments, the establishment of $844,704 of estimated contingent future payments, and $7,581,250 of noncontrolling interest in the acquiring subsidiary.

On February 1, 2017, BroadStreet entered into an agreement to acquire 68% membership interest in a retail property casualty agency primarily located in Florida ("Florida Core"). The aggregate purchase price was $23,052,654, including $13,677,319 in cash payments, the establishment of $1,998,486 of estimated contingent future payments, and $7,376,849 of noncontrolling interest.

**2. BUSINESS COMBINATIONS (Continued)**

On May 1, 2017, BroadStreet entered into an agreement to acquire 70% membership interest in a retail property casualty agency primarily located in Tennessee ("Tennessee Core"). The aggregate purchase price was $28,632,756, including $19,051,379 in cash payments, the establishment of $991,550 of estimated contingent future payments, and $8,589,827 of noncontrolling interest.

On August 1, 2017, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property casualty agency located in Georgia ("Georgia Secondary"). The aggregate purchase price was $11,000,068, including $6,200,000 in cash payments, the establishment of $2,000,068 of estimated contingent future payments, and $2,800,000 of noncontrolling interest in the acquiring subsidiary.

On August 1, 2017, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property casualty agency located in Connecticut ("Connecticut Secondary"). The aggregate purchase price was $6,536,853, including $5,905,500 in cash payments and the establishment of $631,352 of estimated contingent future payments.

On November 1, 2017, BroadStreet, through one of its subsidiaries, entered into an agreement to acquire certain assets of a retail property casualty agency located in New Mexico ("New Mexico Secondary"). The aggregate purchase price was $6,848,155, including $6,000,000 in cash payments and the establishment of $848,155 of estimated contingent future payments.

BroadStreet, through various of its subsidiaries, also acquired most of the assets of 26 other general insurance agencies during 2017. The aggregate purchase price consisted of $24,822,390 in cash payments, $10,933,263 of contingent consideration obligations, $378,248 of guaranteed future payments, and the assumption of $115,000 of debt.

The recorded purchase price for all acquisitions includes an estimation of the fair value of liabilities associated with any potential earnout obligations. Subsequent changes in the fair value of earnout obligations will be recorded in the consolidated statements of income when determined.

The fair value of earnout obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management and reflects market participant assumptions regarding revenue growth and/or profitability. The range of revenue growth rates used in these estimates for 2017 acquisitions was generally 0% to 5%. The expected future payments are estimated on the basis of the earnout formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earnout payments will be made. The range of discount rates used in these estimates for 2017 acquisitions was 4% to 11%.

The following table summarizes the estimated fair values and maximum contractual amounts of contingent earnout obligations as of the date of each acquisition:

## 2. BUSINESS COMBINATIONS (Continued)

| | Florida Core | Tennessee Core | Ohio Secondary | Georgia Secondary | Connecticut Secondary | New Mexico Secondary | Other Acquisitions | Total |
|---|---|---|---|---|---|---|---|---|
| Recorded contingent earnout obligation with contractual maximum | $1,998,486 | $ 991,550 | $ 844,704 | $2,000,068 | $ 631,352 | $ 848,155 | $10,731,961 | $18,046,276 |
| Recorded contingent earnout obligation with no contractual maximum | — | — | — | — | — | — | 201,302 | 201,302 |
| Contractual maximum contingent earnout obligation (undiscounted) | 4,250,000 | 2,369,500 | 1,774,203 | 4,950,000 | 1,244,500 | 1,000,000 | 15,703,207 | 31,291,410 |
| Assumed contingent earnout obligation with contractual maximum | — | — | — | — | — | — | — | — |
| Assumed contingent earnout obligation with no contractual maximum | — | 443,809 | — | — | — | — | 115,000 | 558,809 |
| Contractual maximum contingent earnout obligation on assumed obligations (undiscounted) | — | — | — | — | — | — | — | — |

The fair value methods and assumptions related to 2017 business combinations were consistent with those of 2018 business combinations outlined earlier in this note.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of each acquisition:

| | Florida Core | Tennessee Core | Ohio Secondary | Georgia Secondary | Connecticut Secondary | New Mexico Secondary | Other Acquisitions | Total |
|---|---|---|---|---|---|---|---|---|
| Cash, cash equivalents, and restricted cash | $ 944,170 | $ 334,998 | $ — | $ — | $ — | $ — | $ — | $ 1,279,168 |
| Investments | — | — | — | — | — | — | — | — |
| Accounts receivable | 687,556 | 3,787,123 | 334,372 | 91,270 | 149,114 | 215,248 | 36,477 | 5,301,160 |
| Furniture, fixtures, and equipment | 144,863 | 50,000 | 7,956 | 18,000 | 12,327 | 10,000 | 228,320 | 471,466 |
| Other assets | 16,789 | — | — | — | — | — | — | 16,789 |
| Purchased customer accounts | 10,160,993 | 10,203,803 | 6,219,129 | 5,500,522 | 2,930,499 | 4,583,469 | 21,706,936 | 61,305,351 |
| Noncompete agreements | — | — | — | — | — | 29,300 | 28,735 | 58,035 |
| Amortizable trade names | — | — | 229,400 | — | 138,341 | 102,333 | 204,935 | 675,009 |
| Goodwill | 10,930,647 | 16,450,270 | 8,718,106 | 4,700,762 | 3,350,151 | 1,984,546 | 13,679,248 | 59,813,730 |
| Indefinite-lived trade names | 1,497,745 | 1,653,854 | — | 727,208 | — | — | 301,558 | 4,180,365 |
| Total assets acquired | 24,382,763 | 32,480,048 | 15,508,963 | 11,037,762 | 6,580,432 | 6,924,896 | 36,186,209 | 133,101,073 |
| Deferred tax liabilities (assets) | 124,299 | 76,780 | 103,041 | 20,079 | 44,608 | 27,044 | (72,781) | 323,070 |

## 2. BUSINESS COMBINATIONS (Continued)

| | Florida Core | Tennessee Core | Ohio Secondary | Georgia Secondary | Connecticut Secondary | New Mexico Secondary | Other Acquisitions | Total |
|---|---|---|---|---|---|---|---|---|
| Current liabilities | 1,043,715 | 3,221,703 | 39,968 | 17,615 | (1,028) | 49,697 | 10,089 | 4,381,759 |
| Noncurrent liabilities | 162,095 | 548,809 | — | — | — | — | 115,000 | 825,904 |
| Total liabilities assumed | 1,330,109 | 3,847,292 | 143,009 | 37,694 | 43,580 | 76,741 | 52,308 | 5,530,733 |
| Noncontrolling interest | 7,376,849 | 8,589,827 | 7,581,250 | 2,800,000 | — | — | — | 26,347,926 |
| Net assets acquired | $15,675,805 | $20,042,929 | $ 7,784,704 | $ 8,200,068 | $6,536,852 | $6,848,155 | $36,133,901 | $101,222,414 |

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts: 17.2 years, noncompete agreements: 5.0 years, amortizable trade names: 1.1 years.

Of the $126,032,490 of goodwill and intangible assets acquired and assigned to reporting units, $107,226,103 is immediately amortizable for tax deductions. The $18,806,387 of the purchase prices represented by earnout obligations will be amortizable for tax purposes as the amounts are paid.

**Transactions with Noncontrolling Interests** — In addition to transactions with holders of noncontrolling interest included within business combinations, during the years ended December 31, 2018 and 2017, BroadStreet and its subsidiaries entered into certain transactions which resulted in the purchase and sale of equity of the subsidiaries. The following tables show the impact of these transactions on Additional paid-in capital and Noncontrolling interest during the years ended December 31, 2018 and 2017:

| Year ended December 31, 2018 | Included in Business Combinations | Not included in Business Combinations | Total | Impact on Noncontrolling Interest | Impact on Additional Paid in Capital |
|---|---|---|---|---|---|
| Fair value of consideration, gross of loans | $66,060,866 | $ (7,280,253) | $58,780,613 | $58,780,613 | $ — |
| Deferred gain (loss) to controlling interest | 1,715,030 | (5,284,256) | (3,569,226) | 3,569,226 | (3,569,226) |
| Deferred tax (liability) asset | (433,131) | 1,417,462 | 984,331 | — | 984,331 |
| Impact of change in future tax rates | — | (49,491) | (49,491) | — | (49,491) |
| Issuance of loans collateralized by equity interests* | — | (1,252,568) | (1,252,568) | (1,088,961) | (163,607) |
| Payments received on loans collateralized by equity interests | — | 1,723,994 | 1,723,994 | 1,638,552 | 85,442 |
| Total | $67,342,765 | $(10,725,112) | $56,617,653 | $62,899,430 | $(2,712,551) |

* Includes accrued interest and imputed interest on zero-coupon notes

## 2. BUSINESS COMBINATIONS (Continued)

| Year ended December 31, 2017 | Included in Business Combinations | Not included in Business Combinations | Total | Impact on Noncontrolling Interest | Impact on Additional Paid in Capital |
|---|---|---|---|---|---|
| Fair value of consideration, gross of loans | $26,347,926 | $ 1,166,031 | $27,513,957 | $27,513,957 | $ — |
| Deferred gain (loss) to controlling interest | 4,927,349 | 1,516,453 | 6,443,802 | (6,443,802) | 6,443,802 |
| Deferred tax (liability) asset | (1,070,473) | (481,729) | (1,552,202) | — | (1,552,202) |
| Impact of change in future tax rates | — | (1,589,470) | (1,589,470) | — | (1,589,470) |
| Issuance of loans collateralized by equity interests* | — | (3,346,869) | (3,346,869) | (3,230,994) | (115,875) |
| Payments received on loans collateralized by equity interests | — | 936,297 | 936,297 | 804,579 | 131,718 |
| Total | $30,204,802 | $(1,799,287) | $28,405,515 | $18,643,740 | $ 3,317,973 |

* Includes accrued interest and imputed interest on zero-coupon notes

**Contingent Earnout Obligations** — As of December 31, 2018 and 2017, the fair values of the estimated acquisition earnout payables were reevaluated and measured on a recurring basis using unobservable inputs (Level 3). These fair value estimates are based on projections of the underlying payments and risk-adjusted discount rates. Projections of underlying payments are based on current performance of the underlying business, trends in historical payments for each earnout obligation, original projections from the estimation of the purchase price, and anticipated changes in the related business operations. The range of discount rates used at December 31, 2018, was 5.7% to 13.1%. The range of discount rates used at December 31, 2017, was 4.0% to 11.2%. The resulting additions, payments, net changes, as well as the interest expense accretion on the estimated acquisition earnout payables, for the years ended December 31, 2018 and 2017, were as follows:

| | |
|---|---|
| Balance as of January 1, 2018 | $ 57,740,551 |
| Additions to estimated acquisition earnout payables | 42,913,973 |
| Payments for estimated acquisition earnout payables | (14,352,643) |
| | 86,301,881 |
| Net change in earnings from estimated acquisition earnout payables: | |
| Change in discounted projected cash flows | 12,463,012 |
| Interest expense accretion | 4,428,691 |
| | 16,891,703 |
| Balance as of December 31, 2018 | $103,193,584 |
| Balance as of January 1, 2017 | $47,241,116 |
| Additions to estimated acquisition earnout payables | 18,806,387 |

## 2. BUSINESS COMBINATIONS (Continued)

| | |
|---|---|
| Satisfaction of earnout payables with guaranteed notes | (423,781) |
| Payments for estimated acquisition earnout payables | (9,524,636) |
| | 56,099,086 |
| Net change in earnings from estimated acquisition earnout payables: | |
| Change in discounted projected cash flows | (1,847,786) |
| Interest expense accretion | 3,489,251 |
| | 1,641,465 |
| Balance as of December 31, 2017 | $57,740,551 |

Of the $103,193,584 and $57,740,551 estimated earnout payables as of December 31, 2018 and 2017, $63,139,608 and $10,201,746 was recorded within Current portion of long-term debt, respectively.

## 3. FAIR VALUE

BroadStreet's estimates of fair value for financial assets and financial liabilities are based on the framework established under the Fair Value Measurement and Disclosure Topic of the FASB ASC. The framework is based on the assumptions (inputs) used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The framework establishes a three-level valuation hierarchy for disclosure of fair value measurements. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect BroadStreet's significant market assumptions.

The three levels of the hierarchy are as follows:

***Level 1* —** Unadjusted quoted market prices for identical assets or liabilities in active markets that BroadStreet has the ability to access.

***Level 2* —** Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

***Level 3* —** Valuations based on models where significant inputs are not observable. The unobservable inputs reflect BroadStreet's own assumptions about the assumptions that market participants would use.

**Valuation of Long-Term Debt** — The fair value of BroadStreet's long-term debt is estimated based on the current rates offered to BroadStreet for similar instruments with the same terms, maturities, and similar collateral requirements. A summary of the fair value and carrying value of the Company's debt at December 31, 2018 and 2017, follows:

### 3. FAIR VALUE (Continued)

| December 31, 2018 | Carrying Value | Fair Value |
|---|---|---|
| Term loan | $739,100,366 | $700,935,027 |
| Revolving credit facility | — | — |
| Seller finance and other | 13,336,101 | 11,996,028 |
| Earnout obligations | 103,193,584 | 103,193,584 |
| Total | $855,630,051 | $816,124,639 |

| December 31, 2017 | Carrying Value | Fair Value |
|---|---|---|
| Term loan | $580,459,194 | $597,315,460 |
| Revolving credit facility | — | — |
| Seller finance and other | 9,193,526 | 9,443,014 |
| Earnout obligations | 57,740,551 | 57,740,551 |
| Total | $647,393,271 | $664,499,025 |

BroadStreet determined the estimated fair value amounts of the term loan and seller finance and other obligations by using available market information and commonly accepted valuation methodologies resulting in a classification as Level 2 within the fair value hierarchy. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. For earnout obligations, the projection of future payment amounts represents an additional input that is significant and unobservable in market information, and therefore results in earnout obligations being classified as Level 3 within the fair value hierarchy. Accordingly, the estimates discussed herein are not necessarily indicative of the amounts that BroadStreet or holders of the instruments could realize in a current market exchange.

The valuation of the November 8, 2016 term loan is based on the following observable information: BroadStreet's B credit rating, the yield curve for similarly rated corporate credits, the market LIBOR swap rate, and the liquidity discount implied at issuance. The fair value calculation modeled an equivalent fixed rate instrument based on term, amortization schedule, the market LIBOR swap rate, and BroadStreet's applicable interest rate pricing margin, with the resulting cash flows discounted using the yield curve for similarly rated corporate credit. Although bid and ask prices for BroadStreet's term loan were generally consistent with the projected December 31, 2018 valuation, actual trade volumes of BroadStreet's Term Loan around December 31, 2018 were not sufficient to use as the primary basis for the December 31, 2018 fair value estimate.

**Valuation of Cash and Accounts Receivable** — The fair value of cash and accounts receivable approximate their carrying values.

## 4. GOODWILL AND INTANGIBLE ASSETS

The changes in goodwill for the years ended December 31, 2018 and 2017, are as follows:

| | 2018 | 2017 |
|---|---|---|
| Balance as of January 1, | $524,292,454 | $464,478,724 |
| Goodwill of acquired businesses | 103,850,257 | 59,813,730 |
| Balance as of December 31 | $628,142,711 | $524,292,454 |

The changes in indefinite life intangible assets for the years ended December 31, 2018 and 2017, are as follows:

| | 2018 | 2017 |
|---|---|---|
| Balance as of January 1, | $38,391,132 | $34,284,889 |
| Indefinite life intangible assets of acquired businesses | 13,289,582 | 4,180,365 |
| Indefinite life intangible assets moved to amortizable intangibles | (3,145,779) | (74,122) |
| Balance as of December 31, | $48,534,935 | $38,391,132 |

Amortizable intangible assets at December 31, 2018 and 2017, consisted of the following:

| 2018 | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
|---|---|---|---|
| Purchased customer accounts | $469,907,091 | $113,669,715 | $356,237,376 |
| Noncompete agreements | 6,375,456 | 5,766,055 | 609,401 |
| Amortizable trade name | 6,808,422 | 4,194,795 | 2,613,627 |
| Total | $483,090,969 | $123,630,565 | $359,460,404 |

| 2017 | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
|---|---|---|---|
| Purchased customer accounts | $342,816,158 | $89,903,256 | $252,912,902 |
| Noncompete agreements | 6,263,980 | 5,483,863 | 780,117 |
| Amortizable trade name | 3,051,398 | 2,476,518 | 574,880 |
| Total | $352,131,536 | $97,863,637 | $254,267,899 |

## 4. GOODWILL AND INTANGIBLE ASSETS (Continued)

Amortization expense for amortizable intangible assets amounted to $25,785,586 in 2018 and $20,694,412 in 2017. Amortization expense for amortizable intangible assets for future years is as follows:

| Amortization expense for the year ending December 31, | |
|---|---|
| 2019 | $ 29,963,109 |
| 2020 | 28,711,011 |
| 2021 | 27,306,195 |
| 2022 | 26,538,726 |
| 2023 | 26,158,966 |
| Thereafter | 220,782,397 |
| Total | $359,460,404 |

## 5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at December 31, 2018 and 2017, consisted of the following:

| | 2018 | 2017 |
|---|---|---|
| Furniture, fixtures, and equipment | $23,876,963 | $19,654,290 |
| Leasehold improvements | 4,202,853 | 4,842,337 |
| | 28,079,816 | 24,496,627 |
| Less accumulated depreciation | 16,247,638 | 15,384,814 |
| Total | $11,832,178 | $ 9,111,813 |

Depreciation expense amounted to $2,997,348 in 2018 and $2,659,318 in 2017.

## 6. ACCRUED EXPENSES

Accrued expenses at December 31, 2018 and 2017, consisted of the following:

| | 2018 | 2017 |
|---|---|---|
| Accrued bonuses | $12,004,565 | $ 9,527,920 |
| Accrued compensation and benefits | 5,912,414 | 5,117,681 |
| Other | 6,557,003 | 1,954,668 |
| Total | $24,473,982 | $16,600,269 |

Accrued bonuses represent bonuses earned and payable to the management and employees of BroadStreet's subsidiary agencies based upon each individual agency's financial performance and bonuses earned and payable to BroadStreet's management and employees. Accrued compensation and benefits represents earned but unpaid salaries. In addition to the accrued compensation above, accrued producer commissions of $17,484,496 and $15,302,011 are included within Accounts payable: other at December 31, 2018 and 2017, respectively.

## 7. DEBT

Debt at December 31, 2018 and 2017, consisted of the following:

| | 2018 | 2017 |
|---|---|---|
| Term loan | $739,100,366 | $580,459,194 |
| Revolving line of credit | — | — |
| Earnouts – at fair value | 103,193,584 | 57,740,551 |
| Other notes payable | 13,336,101 | 9,193,526 |
| Total | 855,630,051 | 647,393,271 |
| Less unamortized issuance costs – term loan | (8,167,135) | (7,758,257) |
| Less current portion | (72,824,043) | (17,080,196) |
| | $774,638,873 | $622,554,818 |

**November 8, 2016 Credit Agreement —** On November 8, 2016, BroadStreet entered into an institutional credit agreement with Royal Bank of Canada as administrative agent and certain other banks as co-syndication agents and documentation agents ("November 8, 2016 Credit Agreement") in the initial amount of $510 million consisting of a $410 million term loan and a $100 million revolving line of credit. The term loan may, subject to lenders' discretion, potentially be increased subject to leverage ratio requirements. Total issuance costs of the November 8, 2016 Credit Agreement were $10,058,382, with $4,600,000 representing lender fees and $5,458,382 representing arrangement, legal, and ratings agency fees. The proceeds were used to retire existing term loan and revolving line of credit debt in total of $366,821,625, pay debt issuance costs, and to provide cash on hand for future acquisitions.

Prior to November 16, 2017, interest and facility fees in respect to the November 8, 2016 Credit Agreement term loan were based on a rate equal to 4.25% above LIBOR (subject to a 1.00% floor) or 3.25% above the prime rate, with revolver interest based on BroadStreet's first lien leverage ratio subject to a rate ranging from 3.50% to 4.00% above LIBOR (subject to a 1.00% floor) or 2.50% to 3.00% above the prime rate. Revolving facility fees include an up-front fee and an availability fee of 0.375% to 0.50%. The credit facility includes various covenants, limitations, and events of default customary for similar facilities and for similar borrowers.

On November 16, 2017, BroadStreet amended this credit agreement to reprice and increase the term loan. The term loan credit spread was changed from 4.25% above LIBOR (subject to a 1.00% floor) or 3.25% above the prime rate to 3.75% above LIBOR (subject to a 1.00% floor) or 2.75% above the prime rate. The term loan was increased by $175,000,000, which was used to pay the $144,870,781 one-time dividend and related costs, pay down the $15,500,000 balance of the revolving facility, pay the $2,706,764 of debt issuance costs, and to provide cash on hand for future acquisitions. Of the $2,706,764 of debt issuance costs, $480,791 represent lender fees and $2,225,973 represent arrangement, legal, and ratings agency fees. Terms of the revolving facility were not changed.

On May 18, 2018, BroadStreet amended this credit agreement to reprice and increase the term loan. The term loan credit spread was changed from 3.75% above LIBOR (subject to a 1.00% floor) to 3.25% above LIBOR (subject to a 1.00% floor). The term loan was increased by $15,000,000, which was used to pay down the balance of the revolving facility and pay the $816,675 of debt issuance costs. Of the debt issuance costs, all $816,675 represent arrangement, legal, and ratings agency fees. Terms of the revolving facility were not changed.

**7. DEBT (Continued)**

On November 5, 2018, Broadstreet amended this credit agreement to increase the term loan. The term loan was increased by $150,000,000 which was used to finance acquisitions, pay down the $23,000,000 balance of the revolving facility, pay $1,659,891 of debt issuance costs, and to provide cash on hand for future acquisitions. Of the debt issuance costs, $187,500 represent lender fees and $1,472,391 represent arrangement, legal, and ratings agency fees. Pricing of the term loan and terms of the revolving facility were not changed.

This $150,000,000 term loan increase was funded in two tranches. On November 5, 2018, $105,000,000 was funded in conjunction with the acquisition of the Texas Core. On November 30, 2018, the remaining $45,000,000 was funded to a custodial account (the Alternative Acquisition Account). These funds were restricted for use to fund future acquisitions, and were released from restriction in January 2019 in conjunction with the transactions disclosed in Note 15. At December 31, 2018, the Alternative Acquisition Account was classified as Restricted cash and cash equivalents.

Principal on the term loan is due at 1% per year until maturity at November 8, 2023, when the remainder is due. The revolving facility matures November 8, 2021. At December 31, 2018, nothing was drawn and $100 million was available under the revolving facility.

**Additional Information** — The obligations under the above credit agreement are secured by the assets of BroadStreet and its subsidiaries and include various covenants, limitations, and events of default that are customary for similar facilities for similar borrowers.

Other notes payable primarily represent debt at certain subsidiaries. Earnout obligations are to former owners of certain agencies acquired by BroadStreet or its subsidiaries. These notes and earnout obligations are payable in monthly and annual installments through 2031. Earnout obligations are derivative liabilities carried at fair value and are included within debt because they effectively represent financing for acquisitions.

Interest paid in the years ended December 31, 2018 and 2017 was $35,205,301 and $24,002,153, respectively.

At December 31, 2018, anticipated maturities of long-term debt are summarized in the table below:

| | Anticipated principal – Term Loan | Anticipated principal – Earnout Obligations | Anticipated principal – Seller Finance and Other | Anticipated accretion of discount | Anticipated amortization of issuance costs – Term Loan | Total |
|---|---|---|---|---|---|---|
| 2019 | $ 7,541,842 | $ 68,696,603 | $ 4,291,895 | $ (6,017,953) | $(1,688,344) | $ 72,824,043 |
| 2020 | 7,541,842 | 23,080,333 | 3,793,301 | (3,292,123) | (1,688,344) | 29,435,009 |
| 2021 | 7,541,842 | 17,106,723 | 3,746,968 | (1,401,068) | (1,688,344) | 25,306,121 |
| 2022 | 7,541,842 | 1,622,761 | 1,711,127 | (513,858) | (1,688,344) | 8,673,528 |
| 2023 | 708,932,999 | 2,078,007 | 587,084 | (335,742) | (1,413,761) | 709,848,587 |
| Beyond | — | 1,403,910 | 438,091 | (466,373) | — | 1,375,628 |
| Total | $739,100,367 | $113,988,337 | $14,568,466 | $(12,027,117) | $(8,167,137) | $847,462,916 |

Issuance costs are amortized on a straight-line basis because the difference between amortization under the straight-line method and the effective interest method is not material.

## 8. INCOME TAXES

Significant components of the provision for income taxes for the years ended December 31, 2018 and 2017, are as follows:

| | 2018 | 2017 |
|---|---|---|
| Current provision | $ 9,851,660 | $11,474,804 |
| Deferred provision | (6,721,534) | (5,509,372) |
| Total tax provision | $ 3,130,126 | $ 5,965,432 |

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax reporting purposes. The Tax Cuts and Jobs Act (the "Act") was signed into law on December 22, 2017. The only provision of the Act that had a material impact on BroadStreet's financial statements is the reduction of the federal income tax rate on most C-Corporation taxable income from 35% to 21% for 2018 and forward. For the year ended December 31, 2017, this change in future tax rates reduced deferred tax expense and deferred tax liabilities by approximately $8 million.

Significant components of BroadStreet's deferred tax assets and liabilities as of December 31, 2018 and 2017, are as follows:

| | 2018 | 2017 |
|---|---|---|
| Deferred tax assets: | | |
| Accruals and reserves | $ 4,256,878 | $ 2,047,808 |
| Deferred revenue | 7,729,715 | 5,970,537 |
| Earnout obligations | 15,524,281 | 7,751,747 |
| Allowance for bad debt and cancellation reserve | 2,032,962 | 344,572 |
| Other | 747,017 | 776,552 |
| Total deferred tax assets | 30,290,853 | 16,891,216 |
| Deferred tax liabilities: | | |
| Debt Issuance Costs | (1,499,005) | (1,468,597) |
| Deferred Gain/Loss On NCI Transactions | (2,018,917) | (2,965,956) |
| Intangible assets | (3,332,035) | (3,473,569) |
| Investment in pass-through entities | (31,738,329) | (24,887,396) |
| Other | (200,266) | (245,398) |
| Total deferred tax liabilities | (38,788,552) | (33,040,916) |
| Net deferred tax liability | $ (8,497,699) | $(16,149,700) |

Net income taxes paid in 2018 and 2017 were $3,209,230 and $18,160,722, respectively.

BroadStreet recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2018 and 2017, the Company had $2,402,976 and $1,638,458, respectively, of accrued interest related to uncertain tax positions. During the year ended December 31, 2016, BroadStreet filed with the IRS to change the Company's tax-basis accounting method for revenue related to policies billed directly by the insurance company. This change resulted in alignment of revenue recognition for GAAP and tax for this revenue stream, and eliminated BroadStreet's uncertain tax

## 8. INCOME TAXES (Continued)

position related to timing of revenue related to policies billed directly by the insurance company. Tax on the cumulative effect of this tax-basis accounting method change will be paid over a four year period, which started in 2016. The remaining portion of this cumulative effect adjustment, net of the expected future tax deductions on compensation accruals and cancellation reserves related to revenue on policies billed directly by insurance companies, is included within deferred tax assets in the table above. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

The effective tax rate is different from the statutory federal tax rate as a result of state taxes, permanent differences between book income and taxable income including nondeductible expenses, income related to the noncontrolling partners' share of the taxable income related to investments in pass-through entities and, for 2017, changes to the federal tax rate effective in 2018 from the Act.

## 9. STOCK OPTIONS AND STOCK-BASED COMPENSATION

**2012 Equity Incentive Plan** — On April 16, 2012, BroadStreet adopted and the stockholders approved an equity incentive plan ("2012 Plan"). The types of awards permitted under the 2012 plan include tax-favored incentive stock options ("qualified options"), nonqualified stock options ("nonqualified options"), restricted stock, and other forms of stock-based payment arrangements. The Executive Committee of the Board of Directors (the "Executive Committee") determines, at its discretion, which employees will receive awards, the types of awards to be received, and the terms and conditions thereof. The 2012 Plan contains provisions, which, in the event of a sale of the Company, may accelerate the vesting of the awards.

Awards relating to not more than 200,000 common share units may be made over the life of the 2012 Plan. Each common share unit consists of one share of Class A common stock and one share of Class B common stock.

The Company's current practice is to grant nonqualified options to certain key employees and board members as part of their total compensation. The terms and conditions of each award are determined by the Executive Committee, including the time or times at which an option may be exercised, the methods by which such exercise price may be paid, and the form of such payment. These option awards generally vest 20% per annum and have a contractual term of 10 years. However, certain option grants vest over six to eight years instead.

At December 31, 2018 and 2017, the Company had outstanding 98,667 and 98,167 nonqualified options that represent 98,667 and 98,167 common share units, respectively. No other share awards have been issued.

## 9. STOCK OPTIONS AND STOCK-BASED COMPENSATION (Continued)

A summary of the status of the 2012 Plan at December 31, 2018 and 2017, and changes during the years then ended is presented in the following table:

| 2018 | Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term |
|---|---|---|---|
| Balance – beginning of year | 98,167 | 123 | 6.0 years |
| Granted | 1,000 | 233 | |
| Exercised | (100) | 157 | |
| Forfeited | (400) | 157 | |
| Balance – end of year | 98,667 | 124 | 5.0 years |
| Options vested or expected to vest at December 31, 2018 | 98,667 | 124 | 5.0 years |
| Options exercisable at December 31, 2018 | 64,769 | 118 | 4.6 years |

| 2017 | Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term |
|---|---|---|---|
| Balance – beginning of year | 89,917 | 126 | 6.5 years |
| Granted | 19,250 | 173 | |
| Exercised | — | — | |
| Forfeited | (11,000) | 235 | |
| Balance – end of year | 98,167 | 123 | 6.0 years |
| Options vested or expected to vest at December 31, 2017 | 98,167 | 123 | 6.0 years |
| Options exercisable at December 31, 2017 | 52,178 | 109 | 5.0 years |

The estimated fair value of options is calculated using the Black-Scholes option pricing valuation model. This model takes into account several factors and assumptions. The risk-free interest rate is based on the yield on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumption at the time of grant. The expected life (estimated period of time outstanding) is estimated using the simplified method using the contractual term of the option and the vesting period. The Company uses a market volatility determined by the volatility of its own share price. The expected dividend yield is based on expected dividends for the expected term of the stock options.

The following assumptions were used to determine grant date fair value for grants in 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Expected volatility | 13.0% | 13.2% – 13.7% |
| Expected dividends | — | — |
| Expected life (years) | 8.0 | 8.0 |
| Risk-free interest rate | 2.84% | 2.12% – 2.30% |

## 9. STOCK OPTIONS AND STOCK-BASED COMPENSATION (Continued)

All shares include a put and call feature that will allow an employee to put the shares back to the Company or will allow the Company to call the shares under certain circumstances. Management has evaluated the put and call provisions and has determined that due to these provisions the stock options are considered liability awards under the provisions of FASB ASC 718, *Stock-Based Compensation*. ASC 718 requires management to remeasure the fair value of the awards on an annual basis and record any adjustments to the fair value in the consolidated statements of income under noncash stock option expense.

The following assumptions were used to determine the fair value at December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Expected volatility | 15.1% | 13.0% |
| Expected dividends | — | — |
| Expected life (years) | 1.1 – 7.2 | 2.1 – 7.9 |
| Risk-free interest rate | 2.46% – 2.63% | 1.89% – 2.38% |

The total fair value liability of the options at December 31, 2018 and 2017, was approximately $15,717,936 and $7,883,067, respectively, which were recorded within other noncurrent liabilities in the accompanying consolidated balance sheets. In addition, BroadStreet recorded expense of $9,155,638 and $6,333,221, respectively, which were recorded in stock option expense in the consolidated income statements for the years ended December 31, 2018 and 2017. During the year ended December 31, 2018, certain awards became fully vested. At December 31, 2018 and 2017, the liability for fully vested awards was $1,302,990 and $569,588, respectively. During the years ended December 31, 2018 and 2017, Company recorded $831,543 and $569,588 of expense related to the post-vesting period for these awards. The amounts recorded for the fully vested awards are included in the totals above.

As of December 31, 2018 and 2017, there was $3,969,452 and $2,160,097, respectively, of total unrecognized compensation cost related to nonvested stock-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted average period of 2.87 years.

## 10. EMPLOYEE SAVINGS PLANS

Eight of BroadStreet's subsidiary agencies and the employees of BroadStreet Partners, Inc. participate in an Employee Savings Plan (401(k)) under which substantially all employees with more than 30 days of service are eligible to participate. Under this plan, BroadStreet makes matching contributions, subject to a maximum of 3.5% of each participant's salary. Each of the remaining subsidiary agencies sponsor their own 401(k) or profit-sharing plan and have similar matching provisions. Total employer contributions under the plans were approximately $4,844,419 and $4,531,013 for the years ended December 31, 2018 and 2017, respectively.

## 11. RELATED-PARTY TRANSACTIONS

Certain of BroadStreet's subsidiaries lease office space from former owners of acquired agencies as well as from current holders of noncontrolling interest. These leases are generally at market rates. During the years ended December 31, 2018 and 2017, total rent paid to related parties amounted to $5,758,736 and $5,026,543, respectively.

## 12. COMMITMENTS AND CONTINGENCIES

BroadStreet leases facilities and certain other items of office equipment with unrelated parties under noncancelable operating lease arrangements expiring on various dates through 2032. The facility leases generally contain renewal options and escalation clauses based on increases in the lessee's operating expenses and other charges. BroadStreet anticipates that most of these leases will be renewed or replaced upon expiration.

At December 31, 2018, the aggregate future minimum lease payments under all noncancelable lease agreements in excess of one year were as follows:

| Years Ending December 31 | |
|---|---|
| 2019 | $15,773,137 |
| 2020 | 13,574,489 |
| 2021 | 9,516,063 |
| 2022 | 6,509,757 |
| 2023 | 4,143,795 |
| Thereafter | 21,490,270 |
| Total future minimum lease payments | $71,007,511 |

Rental expense incurred under operating leases during the years ended December 31, 2018 and 2017, was $15,987,907 and $14,793,181, respectively.

BroadStreet is not party to any legal proceedings other than various claims and lawsuits arising in the normal course of business. Management of BroadStreet does not believe that any such claims or lawsuits will have a material effect on BroadStreet's financial condition or results of operations.

## 13. BUSINESS CONCENTRATIONS

A significant portion of business written by BroadStreet is for customers located in California, Minnesota, Connecticut, Michigan, Illinois, Indiana, New York, and Texas. Accordingly, the occurrence of adverse economic conditions or an adverse regulatory climate in those states could have a material adverse effect on BroadStreet's business, although no such conditions have been encountered in the past.

## 14. COMMON SHARES

There were no changes in common shares issued and outstanding for the year ended December 31, 2018. During the year ended December 31, 2017, the Company issued new Class A and Class B shares in exchange for $2,101,074 of cash consideration.

| | Class A | Class B |
|---|---|---|
| Shares issued and outstanding – December 31, 2016 | 1,432,298 | 1,432,298 |
| Shares issued – November 16, 2017 | 14,722 | 14,722 |
| Shares issued and outstanding – December 31, 2017 | 1,447,020 | 1,447,020 |
| Shares issued and outstanding – December 31, 2018 | 1,447,020 | 1,447,020 |

Class A shareholders are entitled to one vote per share on matters voted on by shareholders with the exception of the election of any directors of the Company. Class A shareholders shall be entitled to receive dividends and distributions in the event of liquidation.

## 14. COMMON SHARES (Continued)

Class B shares are not entitled to a vote on any matters other than the election of directors of the Company. Class B shareholders are also not entitled to any dividends or liquidations proceeds except for a return of par of $0.00024 per share.

All shares are subject to restrictions on transferability, as well as certain call and put options, as outlined in the shareholders' agreement. Shares owned by certain members of management and certain members of the board of directors include a noncontingent put feature that allows the shareholder to put the shares to the Company at fair value beginning eight years from the issuance date of the shares. We estimate the fair value of these shares based on our estimate of the share price as of the balance sheet date. The most significant inputs are a "through the cycle" EBITDA multiple and pro forma EBITDA adjustments for known acquisitions.

In November 2017, BroadStreet issued a one-time dividend in the amount of $144,870,781. The dividend was paid on a pro-rata basis to holders of all Class A shares. The first portion of the dividend offset the $93,336,900 Retained earnings balance immediately prior to the dividend, with the remainder offsetting Additional paid-in capital.

## 15. SUBSEQUENT EVENTS

**Business Combinations** — From January 1, 2019 through March 27, 2019, BroadStreet or its subsidiaries acquired the assets of eight general insurance agencies and acquired membership interest in a retail property casualty agency. In conjunction with these acquisitions, BroadStreet paid $63,308,176 of net cash, established $11,329,819 of estimated contingent future payments, established $747,530 of guaranteed future payments, and established $25,757,582 of noncontrolling interest. The results of these operations will be included in BroadStreet's consolidated financial statements beginning on the effective date of each acquisition. Included in these totals is the acquisition of 65% membership interest in a retail property casualty agency in Nevada. The aggregate purchase price was $73,467,148, including $40,636,729 in cash payments, the establishment of $7,072,837 of estimated contingent future payments, and $25,757,582 of noncontrolling interest.

******

BroadStreet
Partners