$475,000,000

AssuredPartners

GTCR (AP) Finance Inc.

to be merged with and into

AssuredPartners, Inc.

% Senior Notes due 2027

Interest Payable on and

GTCR (AP) Finance Inc., a Delaware corporation (the "Initial Issuer") and newly formed, direct, wholly-owned subsidiary of GTCR (AP) Holdings LP, a Delaware limited partnership, is offering $475,000,000 aggregate principal amount of its % Senior Notes due 2027 (the "notes"). This offering will close concurrently with the consummation of the pending acquisition (the "Acquisition") of Dolphin TopCo, Inc., a Delaware corporation ("TopCo") and indirect parent of AssuredPartners, Inc., a Delaware corporation ("AssuredPartners"), by affiliates of GTCR LLC and Apax Partners LLP. The Initial Issuer will issue the notes offered hereby and, immediately prior to the consummation of the Acquisition, will merge (the "Issuer Merger") with and into AssuredPartners, with AssuredPartners continuing as the surviving entity and assuming the obligations of the Initial Issuer under the notes and the indenture governing the notes. As used herein, the "Issuer" refers, prior to the Issuer Merger, to the Initial Issuer and, after the Issuer Merger, to AssuredPartners.

The Issuer will pay interest on the notes semi-annually in cash in arrears on and of each year, commencing on , 2019, at a rate of % per annum. The notes will mature on , 2027.

The Issuer expects to use the net proceeds from this offering, together with cash on hand and proceeds from (i) the issuance and sale by TopCo of the preferred equity (as defined herein), (ii) the common equity contributions (as defined herein) and (iii) the common equity rollover contributions (as defined herein), each as described under "The Transactions," to finance the Acquisition, repay in full outstanding borrowings under the existing revolving credit facility (as defined herein) and pay related fees and expenses.

The Issuer may redeem the notes, in whole or in part, at the Issuer's option at any time on or after , 2022, at the redemption prices listed under "Description of Notes—Optional Redemption," plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to , 2022, the Issuer may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus an applicable "make-whole" premium. In addition, at any time prior to , 2022, the Issuer may also redeem up to 40% of the aggregate principal amount of the notes in an amount not exceeding the net cash proceeds of certain equity offerings at the redemption price set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. If the Issuer sells certain of its assets or a specific kind of change of control occurs, subject to certain exceptions, the Issuer may be required to offer to purchase the notes at the purchase prices listed under "Description of Notes—Repurchase at the Option of Holders—Change of Control" and "Description of Notes—Repurchase at the Option of Holders—Asset Sales," respectively, in each case plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. In connection with any offer to purchase all or any of the notes, if holders of no less than 90% of the principal amount of the notes validly tender their notes, the Issuer is entitled to redeem any remaining notes at the price offered to each holder.

On the date of issuance of the notes (the "Issue Date") immediately following the Issuer Merger, the notes and the related guarantees will be senior unsecured obligations of AssuredPartners and the guarantors (as defined herein) and will rank senior in right of payment to all of AssuredPartners' and the guarantors' existing and future subordinated indebtedness and equal in right of payment with all of AssuredPartners' and the guarantors' existing and future senior indebtedness, including indebtedness under the senior secured credit facilities and the Existing Notes (each as defined herein), and be effectively subordinated to all of AssuredPartners' 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. The notes will also be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of AssuredPartners' non-guarantor subsidiaries.

On the Issue Date immediately following the Issuer Merger, subject to certain exceptions, the notes will be guaranteed on a senior unsecured basis by each wholly-owned domestic subsidiary 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. 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.

The Issuer does not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes on any automatic quotation system, and currently there is no public market for the notes.

The notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the notes involves significant risks. See "Risk Factors" beginning on page 25.

Offering Price: % plus accrued interest, if any, from , 2019.

The notes and the guarantees thereof have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. The notes may not be offered or sold within the United States or to United States persons, except to persons reasonably believed to be qualified institutional buyers in reliance on an exemption from registration provided by Rule 144A under the Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act. You are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain information about eligible offerees and restrictions on transfers of the notes, see "Notice to Investors." The Issuer is not required to register the notes for resale under the Securities Act, or the securities laws of any other jurisdictions, and the Issuer is not required to offer to exchange the notes for notes registered under the Securities Act or the securities laws of any other jurisdiction.

The Issuer expects the notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company ("DTC") for the accounts of its participants, including Euroclear bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, S.A., on or about , 2019, which is the business day following the date of pricing of the notes (such settlement cycle being referred to as "T+ "). You should be advised that trading of the notes may be affected by the T+ settlement. See "Plan of Distribution."

Joint book-running managers

BofA Merrill Lynch	**Barclays**	**J.P. Morgan**
Morgan Stanley	**BMO Capital Markets**	**RBC Capital Markets**
Deutsche Bank Securities	**Macquarie Capital**	**ING**

The date of this offering memorandum is , 2019

In making your investment decision, you should rely only on the information contained in this offering memorandum. 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.

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IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

We are making this offering in reliance on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the notes. Persons into whose possession this offering memorandum or any of the notes are delivered must inform themselves about, and observe, those restrictions. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase, offer or sale by you of the notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

By purchasing the notes, you will be deemed to have made acknowledgments, representations, warranties and agreements as set forth under "Notice to Investors" in this offering memorandum. We are not, and the initial purchasers are not, making an offer to sell the notes in any jurisdiction except where an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

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. In making an investment decision, you must rely on your own examination of such documents, our business and the terms of the offering and the notes, including the merits and risks involved.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this offering memorandum, and nothing contained in this offering memorandum is, nor should you rely upon it as, a promise or representation, whether as to the past or the future.

This offering memorandum is being provided on a confidential basis (1) to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the Securities Act for informational use solely in connection with their consideration of the purchase of the notes and (2) in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. Its use for any other purpose is not authorized. This offering memorandum may not be copied or reproduced in whole or in part, and it may only be distributed and disclosed to the prospective investors to whom it is provided by us or by the initial purchasers.

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 (the "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 2002/92/EC (as amended, the "Insurance Mediation 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 2003/71/EC (as amended, the "Prospectus Directive"). 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 Directive from the requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Directive.

The above selling restriction is in addition to any other selling restrictions set out in this offering memorandum.

By accepting delivery of this offering memorandum, you acknowledge that (1) you have been afforded an opportunity to request and to review all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (2) you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with the investigation of the accuracy of such information or your investment decision, (3) this offering memorandum relates to an offering that is exempt from registration under the Securities Act, and (4) no person has been authorized to give information or to make any representations concerning us, this offering or the notes described in this offering memorandum, other than as contained in this offering memorandum.

We and the initial purchasers make no representation to you that the notes are a legal investment for you. You should not consider any information included in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes. Neither the delivery of this offering memorandum nor any sale made pursuant to this offering memorandum implies that any information set forth in this offering memorandum is correct as of any date after the date of this offering memorandum.

You should contact the initial purchasers with any questions about this offering or if you require additional information to verify the information contained in this offering memorandum.

We reserve the right to withdraw this offering of the notes at any time. We and the initial purchasers also reserve the right to reject any offer to purchase the notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of notes sought by such investor. We are making this offering subject to the terms described in this offering memorandum and the indenture (the "Indenture") to be entered into by the Initial Issuer, AssuredPartners, the guarantors and U.S. Bank National Association, as trustee (the "Trustee").

The notes will be available in book-entry form only. We expect that the notes sold pursuant to this offering memorandum will be issued in the form of one or more global certificates, all of which will be deposited with, or on behalf of, DTC for the accounts of its participants, including Clearstream Banking, S.A. ("Clearstream") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and registered in its name or in the name of Cede & Co., its nominee. Beneficial interests in the global certificates will be shown on, and transfers of the global certificates will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global certificates). After the initial issuance of the global certificates, notes in certificated form will be issued in exchange for the global certificates only as set forth in the Indenture. See "Book-Entry; Delivery and Form."

In connection with this offering, the initial purchasers may, but are not required to, effect transactions that stabilize or maintain the market price of the notes at a higher level than the notes might otherwise achieve in the open market. Such stabilizing, if commenced, may be discontinued at any time. For a description of these activities, see the section "Plan of Distribution" in this offering memorandum.

This offering memorandum is strictly confidential and has been prepared by us solely for use in connection with the proposed offering of the notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect to this offering memorandum is unauthorized and any disclosure of any of its contents without our prior written consent is prohibited. By accepting delivery of this offering memorandum, you agree to the foregoing and not to make any photocopies, in whole or in part, of this offering memorandum or any documents delivered in connection with this offering memorandum.

NO REVIEW BY THE SECURITIES AND EXCHANGE COMMISSION

The information included in this offering memorandum does not conform in certain cases to information that would be required if this offering was made pursuant to a registration statement filed with the Securities and Exchange Commission ("SEC"). This offering memorandum does not include *pro forma* or historical financial information regarding certain companies and businesses we have acquired or have entered into binding agreements to acquire that would have been required if this offering was made pursuant to a registration statement filed with the SEC. See "Risk Factors—Risks Related to the Notes and our Indebtedness—You should be aware that this offering memorandum does not include *pro forma* or historical financial information regarding certain companies and businesses we have acquired or have entered into binding agreements to acquire." In addition, this offering memorandum does not include the consolidating footnote to our financial statements that would have been required under Rule 3-10 of Regulation S-X if this offering was made pursuant to a registration statement filed with the SEC. 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 related 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.

GLOSSARY

Except where noted or the context otherwise requires (and except as otherwise defined in "Description of Notes" for purposes of that section only), references in this offering memorandum to:

- "Acquisition" refers to the acquisition of TopCo by GTCR, Apax and the Co-Investors through the pending merger of Merger Sub with and into TopCo, as described in "The Transactions;"

- "Acquisition Agreement" refers to the Agreement and Plan of Merger, dated as of February 20, 2019, by and among TopCo, Parent, Merger Sub and the Seller, as amended, supplemented or otherwise modified from time to time, pursuant to which Merger Sub will merge with and into TopCo, with TopCo surviving as a wholly-owned subsidiary of Parent;

- "Acquisition Closing Date" refers to the closing date of the Acquisition;

- "Apax" refers to Apax Partners LLP and any funds, partnerships or other co-investment vehicles managed, advised or controlled by Apax Partners LLP or its affiliates, excluding any portfolio companies of Apax Partners LLP;

- "Assured" refers to Holdings and its consolidated subsidiaries;

- "AssuredPartners" refers to AssuredPartners, Inc., a Delaware corporation, and not any of its subsidiaries;

- "Co-Investors" refers to certain investment funds, including investment funds affiliated with GTCR and HPS, that will acquire, indirectly, a portion of the equity interests in Assured in connection with the Transactions and will continue to hold, indirectly, equity interests in Assured following the closing of the Transactions;

- “Credit Agreement” refers to the credit agreement, dated as of October 22, 2015, as amended by the first incremental agreement, dated as of April 11, 2016, as amended by the incremental assumption amendment agreement, dated as of November 15, 2016, as amended by the second incremental agreement, dated as of March 31, 2017, as amended by the second incremental assumption and amendment agreement, dated as of May 16, 2017, as amended by the third incremental assumption and amendment agreement, dated as of September 27, 2017, as amended by the fourth incremental assumption and amendment agreement, dated as of April 13, 2018, as amended by the fifth incremental assumption and amendment agreement, dated as of October 1, 2018, and as amended by the sixth incremental assumption and amendment agreement, dated as of November 2, 2018, among Dolphin Merger Sub, Inc., a Delaware corporation (later merged with and into AssuredPartners), Holdings, Bank of America, N.A., as administrative agent and collateral agent, and each of the lenders party thereto, as amended, supplemented or otherwise modified from time to time, governing the senior secured credit facilities;

- “delayed draw term loan commitment” refers to the commitment by Marfic Investment Pte Ltd to provide the delayed draw term loan facility;

- “Existing Indenture” refers to the indenture governing the Existing Notes, as amended, supplemented or otherwise modified from time to time;

- “Existing Notes” refers to AssuredPartners’ $500.0 million in aggregate principal amount of outstanding 7.00% Senior Notes due 2025;

- “GAAP” refers to generally accepted accounting principles in the United States of America;

- “GTCR” refers to GTCR LLC and any funds, partnerships or other co-investment vehicles managed, advised or controlled by GTCR LLC or its affiliates, excluding any portfolio companies of GTCR LLC;

- “guarantees” refers to the guarantees of the notes by the guarantors;

- “guarantors” refers to certain of the Issuer’s wholly-owned domestic subsidiaries that will guarantee, on a senior unsecured basis, all of the obligations of the Issuer under the notes and the Indenture;

- “Holdings” refers to Dolphin Midco, Inc., a Delaware corporation and direct parent of AssuredPartners;

- “HPS” refers to HPS Investment Partners, LLC and/or certain of its affiliates, associated entities or managed accounts or direct or indirect limited partners or investors of the foregoing, as purchasers of the preferred equity;

- “Indenture” refers to the indenture governing the notes offered hereby;

- “Initial Issuer” refers to GTCR (AP) Finance Inc., a Delaware corporation and newly formed direct, wholly-owned subsidiary of Parent, to be merged with and into AssuredPartners immediately prior to the consummation of the Acquisition;

- “initial purchasers” refers, collectively, to Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, BMO Capital Markets Corp., RBC Capital Markets, LLC, Deutsche Bank Securities Inc., Macquarie Capital (USA) Inc. and ING Financial Markets LLC;

- the “Issue Date” refers to the date of issue of the notes offered hereby;

- the “Issuer” refers, prior to the Issuer Merger, to the Initial Issuer and, after the Issuer Merger, to AssuredPartners;
- “Issuer Merger” refers to the merger of the Initial Issuer with and into AssuredPartners immediately prior to the consummation of the Acquisition, with AssuredPartners continuing as the surviving entity and assuming the obligations of the Initial Issuer under the Indenture and the notes;
- “Merger Sub” refers to GTCR (AP) Merger Sub Inc., a Delaware corporation and direct, wholly-owned subsidiary of Parent, to be merged with and into TopCo upon consummation of the Acquisition;
- “non-guarantors” or “non-guarantor subsidiaries” refers to subsidiaries of the Issuer that are not guarantors of the notes;
- “notes” refers to the notes offered hereby;
- “Parent” refers to GTCR (AP) Holdings LP, a Delaware limited partnership and direct parent of, prior to the consummation of the Transactions, both Merger Sub and the Initial Issuer and, following the consummation of the Transactions, TopCo;
- “preferred equity” refers to shares of TopCo’s Cumulative Series A Preferred Stock expected to be issued to HPS on the Acquisition Closing Date immediately following the consummation of the Acquisition;
- “Seller” refers to Dolphin Holdco, L.P., a Delaware limited partnership and, prior to the consummation of the Acquisition, the direct parent of TopCo;
- “senior secured credit facilities” refers, collectively, to (i) AssuredPartners’ senior secured term loan facility, as amended, supplemented or otherwise modified on or prior to the Acquisition Closing Date, in an outstanding aggregate principal amount of $1,722 million as of December 31, 2018 (the “term loan facility”), (ii) AssuredPartners’ revolving credit facility, as amended, supplemented or otherwise modified on or prior to the Acquisition Closing Date, with commitments of $267.5 million (the “revolving credit facility”) and (iii) AssuredPartners’ senior secured delayed draw term loan facility, to be entered into on or after the Acquisition Closing Date, in an aggregate principal amount of $250 million (the “delayed draw term loan facility”);
- the “Sponsors” refers, collectively, to GTCR and Apax;
- “Termination Date” refers to August 19, 2019, as such date may be extended pursuant to the provisions of the Acquisition Agreement;
- “TopCo” refers to Dolphin TopCo, Inc., a Delaware corporation and direct parent of Holdings;
- the “Transactions” refers to the Issuer Merger, the Acquisition, the common equity contributions made by GTCR, Apax and certain of the Co-Investors (collectively, the “common equity contributions”) and the common equity rollover contributions made by certain members of AssuredPartners’ management, including certain members of management of companies and businesses recently acquired by AssuredPartners who have purchased equity units in Parent (collectively, the “common equity rollover contributions”), each as described herein under “The Transactions,” the issuance and sale of the preferred equity, this offering of the notes, the use of the proceeds from the preferred equity and the notes, the amendment to the Credit Agreement on the Acquisition Closing Date in connection with the termination of the existing revolving credit facility and entry into a new revolving credit facility, the amendment to the Credit Agreement on or after the Acquisition Closing Date in connection with obtaining the delayed draw term loan facility, the payment of fees and expenses in connection with the foregoing and the other transactions described under “The Transactions;”

- “Trustee” refers to U.S. Bank National Association, in its capacity as trustee under the Indenture, acting on behalf of the holders of the notes;
- the “U.S.” and “United States” refer to the United States of America;
- “U.S. dollar,” “dollar” and “$” refer to the currency of the United States; and
- “we,” “us,” “our,” “our Company,” “our business” and similar terms refer to the Issuer and its consolidated subsidiaries immediately following the Transactions.

BASIS OF PRESENTATION

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

Certain data in this offering memorandum is presented on a *pro forma* basis to give *pro forma* effect to the Transactions, as set forth under the heading “The Transactions,” as if they occurred on January 1, 2018 for income statement purposes and on December 31, 2018 for balance sheet purposes. See “Unaudited Pro Forma Consolidated Financial Data” for a complete description of the adjustments and assumptions underlying the *pro forma* consolidated financial information included in this offering memorandum.

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.

Unless otherwise noted, the historical financial information included in this offering memorandum is derived from the consolidated financial statements of AssuredPartners. The historical financial information of the Initial Issuer has not been presented, as the Initial Issuer was incorporated on April 22, 2019 and has had no operations since its inception. Upon the consummation of the Transactions, AssuredPartners will become the ultimate issuer of the notes and will assume the obligations of the Initial Issuer under the notes by operation of law.

Except as otherwise indicated or the context otherwise requires, references in this offering memorandum to “*pro forma*” refer to financial information that is directly derivable from the unaudited *pro forma* consolidated financial information included elsewhere in this offering memorandum. See “Unaudited Pro Forma Consolidated Financial Data.”

NON-GAAP FINANCIAL MEASURES

We refer to the terms EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA, Adjusted Revenue and Free Cash Flow in various places in this offering memorandum. These are supplemental financial measures that are not prepared in accordance with GAAP and have important limitations as analytical tools. Any analysis of non-GAAP 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. In addition, these measures are defined differently by different companies in our industry (including companies that we have acquired or have entered into binding agreements or letters of intent to acquire and for which we have included non-GAAP financial measures in this offering memorandum) and, accordingly, such measures as used in this offering memorandum may not be comparable to similarly titled measures of other companies.

In calculating these financial measures, we make certain adjustments that are based on assumptions and estimates that may prove to be inaccurate. Our presentation of EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA, Adjusted Revenue and Free Cash Flow should not be construed as an inference that our future results will not be affected by unusual or non-recurring items. In addition, our calculations of EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA and the related ratio data may differ from our calculations of "Consolidated EBITDA" and the related leverage ratios under the Credit Agreement, the Existing Indenture and the Indenture.

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 EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA, Adjusted Revenue and Free Cash Flow and any ratios or margins related thereto. These measures are derived on the basis of methodologies other than in accordance with GAAP. These rules govern the manner in which non-GAAP financial measures are publicly presented and require, among other things:

- a presentation with equal or greater prominence of the most comparable financial measure or measures calculated and presented in accordance with GAAP; and

- a statement disclosing the purposes for which management uses the non-GAAP financial measure.

The rules prohibit, among other things:

- the exclusion of charges or liabilities that require, or will require, cash settlement or would have required cash settlement, absent an ability to settle in another manner, from a non-GAAP liquidity measure; and

- the adjustment of a non-GAAP performance measure to eliminate or smooth items identified as non-recurring, infrequent or unusual, when the nature of the charge or gain is such that it has occurred in the past two years or is reasonably likely to recur within the next two years.

The non-GAAP financial measures presented in this offering memorandum may not comply with the SEC rules governing the presentation of non-GAAP financial measures. For example, some of the adjustments to EBITDA, Adjusted EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA, Adjusted Revenue and Free Cash Flow as presented in this offering memorandum may not be allowed under SEC rules.

In addition, we include estimates in this offering memorandum of revenue and adjusted EBITDA of various companies or businesses that we have acquired or have signed letters of intent to acquire. These estimates are based on due diligence conducted by management and reflect an estimate of the revenue or adjusted EBITDA, as applicable, that each such company or business would have contributed during the relevant period presented, assuming that such company or business had been acquired on the first day of such period. Our estimates of revenue and adjusted EBITDA do not comply with GAAP.

Please see "Summary—Summary Historical Consolidated and Unaudited Pro Forma Consolidated Financial Data" for a further discussion and quantification of non-GAAP financial measures used in this offering memorandum, including the reasons that we believe this information is useful to management and to investors and reconciliations of non-GAAP financial measures to the most closely comparable financial measures calculated in accordance with GAAP.

Lastly, in certain circumstances in this offering memorandum, we present amounts for existing indebtedness as gross amounts prior to amortization (without giving effect to any discount, fee or commission) and total net debt and first lien net debt, which is total debt or first lien debt less unrestricted cash and cash equivalents. These metrics do not comply with GAAP.

MARKET SHARE, RANKING AND INDUSTRY DATA AND FORECASTS

This offering memorandum includes market share, ranking and industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Each such source speaks as of its original publication date (and not as of the date of this offering memorandum) and the opinions expressed in such publications, surveys and forecasts are subject to change without notice. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information included in this offering memorandum. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position and ranking are based on market data currently available to us, management's estimates and assumptions we have made regarding the size of our markets within our industry. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this offering memorandum. Neither we nor the initial purchasers can guarantee the accuracy or completeness of such third-party information contained in this offering memorandum.

TRADEMARKS, SERVICE MARKS AND COPYRIGHTS

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are our service marks or trademarks. Other trademarks, service marks and trade names appearing in this offering memorandum are the property of their respective owners. We also own or have the rights to copyrights that protect the content of our products. Solely for convenience, the trademarks, service marks, tradenames and copyrights referred to in this offering memorandum are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and tradenames. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, those other parties.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "seeks," "projects," "intends," "plans," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, the Transactions, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the "Risk Factors" section of this offering memorandum. Those factors should not be construed as exhaustive and should be read with the other cautionary statements in this offering memorandum.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make in this offering memorandum speak only as of the date of those statements, and, except as required by law, we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. 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," "Unaudited Pro Forma Consolidated Financial Data" and the notes thereto, "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. Certain financial measures as of and for the year ended December 31, 2018 are presented on a pro forma basis to give effect to the Transactions. The historical information set forth in this offering memorandum is the historical consolidated financial information of AssuredPartners for the periods and dates indicated.

On February 20, 2019, Parent, Merger Sub, TopCo and the Seller entered into the Acquisition Agreement pursuant to which Merger Sub will merge with and into TopCo, which is the direct parent of Holdings and indirect parent of AssuredPartners. The Issuer is and will be controlled by the Sponsors. Unless the context otherwise requires, this offering memorandum assumes the Acquisition has been consummated.

Our Company

We are one of the largest, fastest-growing, full-service insurance brokers in the United States, offering a broad range of property and casualty ("Property & Casualty" or "P&C") and employee benefits ("Employee Benefits" or "EB") insurance products and services to middle-market businesses, public institutions and high-net worth individuals. We have achieved significant growth in a highly fragmented and consolidating industry through a disciplined acquisition program, which targets accretive acquisitions, and by focusing on generating organic growth and profit margin expansion. In the United States, we were the twelfth largest insurance broker based on brokerage revenues generated in 2017 and the fifth largest independent P&C insurance broker based on brokerage revenues generated in 2017. We have a highly diversified revenue base with high revenue and producer retention rates. For the year ended December 31, 2018, we generated total revenue of $1,059.4 million, on a historical basis, and Standalone Adjusted EBITDA of $319.6 million and Adjusted EBITDA of $347.7 million, each on a *pro forma* basis. For definitions of Standalone Adjusted EBITDA and Adjusted EBITDA and related reconciliations to net income (loss), the nearest GAAP measure, see "Non-GAAP Financial Measures" and footnote (5) in "—Summary Historical Consolidated and Unaudited Pro Forma Consolidated Financial Data."

We believe we are one of only a few insurance brokers with both national scale and a strong local presence within its markets. Our organizational structure is comprised of our corporate headquarters from which we manage our 10 regions. Our corporate headquarters develops our overall growth strategy and other initiatives, identifies cross-selling opportunities, coordinates knowledge-sharing across markets and performs general administrative oversight and accounting, legal and information technology functions. Each region has its own management team that assists in the implementation of our overall growth strategy, including identifying acquisition prospects and integrating smaller tuck-in acquisitions, while also managing the day-to-day operations of the offices within its region. Our structure provides us with the ability to leverage the deep local knowledge of our producers and local leaders and the flexibility to respond quickly to changes in local markets, as well as the benefits of a national brokerage network, such as economies of scale, operating efficiencies and greater influence in carrier relationships. As of December 31, 2018, we operated approximately 226 offices in 36 states across the United States and the United Kingdom with approximately 1,000 producers.

Our Products and Services

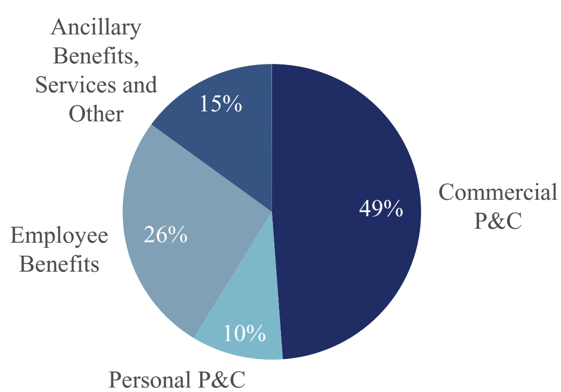
We offer an extensive portfolio of more than 250 products and services from more than 1,700 insurance carriers to over 400,000 clients. No material part of our business depends upon a single customer or on a few customers. For the year ended December 31, 2018, our top client accounted for less than 1% of our commissions, while our top ten clients represented approximately 2.9% of our commissions. We serve a variety of industries, such as real estate, construction, public entities, healthcare and senior living, manufacturing, forestry, life sciences, hospitality, asset management, entertainment, technology, non-profit, retail, trade and others. Our product lines are:

- *Property & Casualty*. Our P&C products and services are comprised of a full range of insurance lines that we offer to our commercial middle-market business clients as well as school districts in California ("Commercial P&C"), which includes property, workers' compensation, surety bonds, aviation, commercial auto and professional liability insurance, and P&C coverage that we provide to high-net worth individuals ("Personal P&C"), which includes higher-end homes, secondary homes, valuable articles and yachts. We work with nearly all of the major commercial property and casualty insurers, and for the year ended December 31, 2018, no carrier contributed more than 11.1% to our P&C premium. For the year ended December 31, 2018, Commercial P&C generated $517.4 million, or 48.9%, of our total revenue while Personal P&C generated $105.1 million, or 9.9%, of our total revenue.

- *Employee Benefits*. We place EB products and provide consulting services on both fully-insured and self-insured employee benefit plan structures, as well as administrative support. We primarily target businesses with greater than 50 employees. We work with nearly all of the major medical and ancillary carriers, and for the year ended December 31, 2018, no carrier contributed more than 15.9% of our EB premium. For the year ended December 31, 2018, EB generated $278.6 million, or 26.3%, of our total revenue.

- *Ancillary Benefits, Services and Other*. Ancillary benefits include life, disability and dental insurance, as well as risk management, consulting and third-party administration services. We work with essentially all of the ancillary benefits insurers. Services primarily include insurance and financial solution services to public agencies and healthcare industries in California. For the year ended December 31, 2018, ancillary benefits, services and other generated $158.3 million, or 14.9%, of our total revenue.

The following chart illustrates the percentage of revenues generated from each product line for the year ended December 31, 2018:



Our Industry

The property and casualty insurance market, based on total net premiums written data provided by S&P Global Market Intelligence, has grown at a compound annual growth rate ("CAGR") of 4.7% per year from 2010 to 2018, and we believe that these markets will continue to enjoy stable growth. Insurance brokers represent a strong value proposition for insurance carriers by serving as a fully outsourced sales force and after-sales customer service function, with a variable cost structure that can be managed quickly. We believe that this, combined with increasingly complex insurance products and an expanding list of risks that require insurance, will continue to drive the growth of the insurance brokerage market.

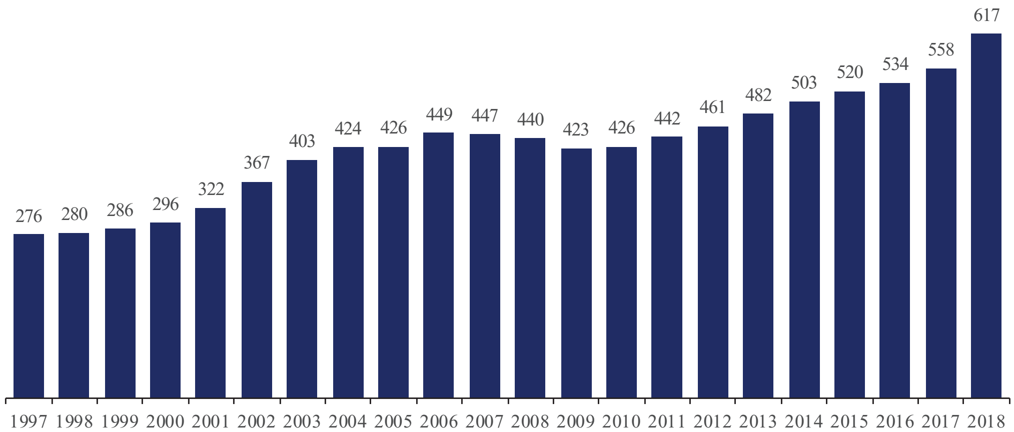
Except for a selection of large, global insurance brokerages, such as Marsh & McLennan Companies, Inc., Aon plc and Willis Towers Watson, the remainder of the market is made up of mid-sized to large regional brokerages and local participants. The middle-market insurance brokerage industry in the United States is highly fragmented and local in nature. We believe that such market fragmentation provides significant room for revenue growth, both organically and through acquisitions. In addition, the average age of producers has increased, providing opportunities for competing insurance brokerages to either acquire their books of businesses or form new relationships with their clients.

Property & Casualty Market. Insurance brokers principally serve businesses, public institutions and individual clients by placing P&C insurance coverage on their behalf with insurers and by providing risk management services. Through their knowledge of the insurance markets and strong relationships with carriers, insurance brokers assist such businesses, institutions and clients seeking insurance coverage by negotiating competitive rates and policy terms and conditions. Insurance brokers also serve as a distribution channel for insurers and often perform much of the administrative and customer service functions that insurers would have to otherwise perform were they to sell insurance coverage directly.

P&C premium rates 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 revenues, 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 decreased commission revenues. 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 in the small and mid-sized markets generally try to maintain their overall insurance cost by reducing coverage, self-insuring some risks and maintaining higher deductibles. As a result, we believe the amount of premium expended by many small- and medium-sized businesses and resulting brokerage commission revenue tends to be less volatile than premium rates. In general, and over the long term, we believe net written insurance premiums have grown consistently with underlying insured values and the overall economy.

The following chart illustrates the net premium written in the property and casualty market for the periods presented:

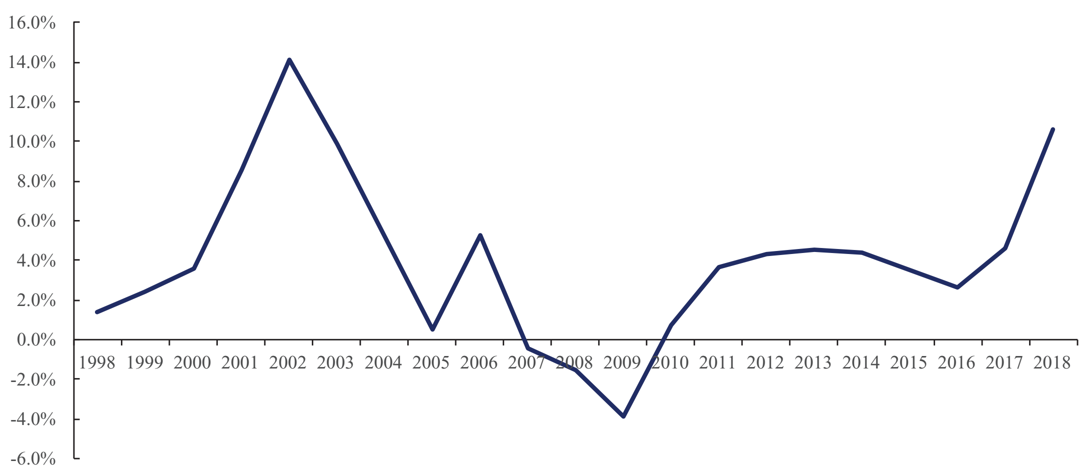
($ billions)



Source: S&P Global Market Intelligence

The following chart illustrates the growth of the property and casualty market for the periods presented:

Property and Casualty Market Growth(1)



(1) Represents year-over-year growth of written net premiums. Source: S&P Global Market Intelligence.

Employee Benefits Market. EB brokers and consultants principally serve businesses and their employees by providing access to individual and group medical, life and disability insurance products and services. In addition to functioning as a distributor, EB brokers and consultants may also provide advice on benefit plan design. By working with brokers that offer single-source solutions for employee benefits insurance, consulting and administration needs, businesses can fully outsource their employee benefits program design, management and administration without committing the time and cost of in-house staff or investing substantial capital in in-house technology solutions.

Demand for group employee benefits products and services is largely driven by employment levels, whereas employee benefits premium rates tend to increase with medical cost inflation. As businesses continue to struggle with pension deficits, healthcare costs and importantly, the changing regulatory environment, and as employee benefits become an increasingly significant expense for businesses, we believe the role of insurance brokerage firms in the employee benefits market will continue to be important.

Our Competitive Strengths

We believe our following competitive strengths have been instrumental to our success and position us well to profitably grow our business:

Leading Middle-Market Broker in an Attractive Industry with Strong Fundamentals. We are a leading insurance broker, operating in an attractive industry with strong fundamentals. The P&C insurance market, based on total net premiums written data provided by S&P Global Market Intelligence, has grown at a CAGR of 4.7% from 2010 to 2018, and we believe these markets will continue to enjoy stable growth. We focus in particular on the middle-market segment of the insurance brokerage industry, which is largely served by smaller regional and local firms who typically focus on relationship selling and often lack the size and scale to leverage large premium relationships with insurers. We believe our national scale and strong expertise, combined with our flexible organizational structure, will allow us to continue to expand our leadership position within the U.S. middle-market segment of the insurance brokerage industry.

Highly Diversified Revenue Base. Our revenue base is highly diversified across product lines, geographies, clients and producers, which limits our exposure to changes in industry and sector volatility, regional market fluctuations and individual producer performance and reduces our reliance on any individual client relationship. For the year ended December 31, 2018, our top client and producer each accounted for less than 1% of our commissions, our top ten clients represented approximately 3% of our total revenue and our top ten producers accounted for approximately 3% of our total revenue. Through our revenue-generating relationships with more than 1,500 insurance carriers, we are able to provide our clients with an expansive portfolio of products and services at competitive prices and increase our negotiating leverage. For the year ended December 31, 2018, no single insurance carrier represented more than 6% of our total revenue.

High Producer and Revenue Retention. Our average producer retention rate and revenue retention rate has exceeded 97% and 94%, respectively, in each of the last three years. To retain our key producers, we have developed a compensation and incentive structure, including long-term equity-based retention and incentive programs, that aligns our producers with our growth goals and invested in sales leadership recognition and training programs and initiatives to educate and motivate our producers. In addition, our producers typically sign two-year customer non-solicit and no-hire agreements, while owners of acquired businesses are required to sign non-compete agreements that run five years from the date of acquisition. We believe our low producer turnover rate, together with our strong, long-term customer relationships, provides us with increased visibility regarding future revenues.

Strong Free Cash Flow Generation and Low Capital Expenditure Requirements. We have consistently delivered strong free cash flows, driven by high Standalone Adjusted EBITDA margins, low working capital and light capital expenditure requirements, which have averaged less than 1% of revenue over the last three years. In addition, as a result of our many acquisitions, which are often structured as asset purchases, we also benefit from large amounts of tax-deductible amortization expense. We believe that strong free cash flow generation affords us opportunities to strategically invest in our business and to access debt capital, allowing us to fuel growth both organically and through continued strategic acquisitions.

Proven Executive Leadership Team with a Long-Term Track Record of Value Creation. Led by Jim Henderson, our Chief Executive Officer and Chairman of the Board of Directors, and Tom Riley, our Chief

Operating Officer, President and a Director, our senior management team has considerable insurance brokerage experience, with an average of 25 years of experience in the insurance brokerage industry, and is operationally focused. Our senior management team has successfully grown our business through a series of disciplined acquisitions and organic growth initiatives. We believe our management has the vision, experience and network of relationships to continue our successful growth.

Our Business Strategies

We intend to grow our business by pursuing the following strategies:

Continue to Pursue Highly Accretive Acquisitions. We plan to continue growing our business by selectively entering new regional markets and expanding our product and service portfolio through sustained execution of our disciplined and selective acquisition strategy. Our dedicated twelve-person in-house M&A team is exclusively focused on leveraging our senior management's deep industry relationships to source proprietary and highly accretive opportunities that meet our stringent criteria. This approach, combined with our brand reputation, the reputation of our senior executives and our team-oriented and entrepreneurial environment, has allowed us to attract high-quality insurance agencies to join our organization. We have a strong track record of completing acquisitions for which letters of intent have been signed, with a successful completion rate of approximately 93% based on the revenues of the companies and businesses acquired over the past three years. Since 2015, we have successfully executed and integrated 173 acquisitions of agencies and books of businesses, with annual combined revenues and Adjusted EBITDA of approximately $757 million and $230 million, respectively, for the most recent fiscal twelve-month period prior to the date of consummation of each acquisition. The acquisitions completed from 2015 to 2018 had an attractive average upfront purchase price multiple of 8.3 times. We continue to pursue a robust acquisition pipeline, with signed letters of intent for 12 brokerage acquisition prospects as of April 26, 2019.

Sustained Focus on Organic Revenue Growth. We continue to focus on organic revenue growth through producer recruitment efforts and by restructuring our compensation and performance model to optimize our existing sales force. In 2016, we hired a Chief Organic Growth Officer to elevate our organic growth efforts and implement new strategic initiatives. We have initiated regional and national sales contests to incentivize selling efforts, developed clear company-wide benchmarks and expectations for our producers as part of an annual review process, and instituted company-wide enhanced onboarding and training programs designed to develop talent and promote long-term relationships with producers. In addition, we have also invested in the development of industry-specific verticals, such as senior living, transportation, aviation, construction, architect and engineering, in order to increase retention of existing business and facilitate growth of new business. We believe we are in the early stages of realizing the benefits of our Chief Organic Growth Officer's growth initiatives.

Achieve Operational Efficiencies and Margin Improvements. We strive to increase margins both through revenue growth initiatives (through both the growth of new business as well as improvement in revenue retention) and proactive expense management. We had approximately $1,059.4 million of total revenue for the year ended December 31, 2018, which increased approximately 25% compared to the prior year period, and we believe that our revenue growth initiatives will allow us to continue to grow our revenues. We have sought to improve our cost structure by increasing standardization across our organization by using centralized information technology, accounting centers, human resources, purchasing and real estate management. To optimize our cost structure, we have established target sales levels and operating costs across our offices and product lines. We regularly review the efficiency metrics and margins across our company to identify underperforming offices, producers and product or service lines. We also have a team of highly seasoned insurance agency operators who travel throughout the regions in which we operate to assist our local and regional leaders in identifying and executing strategies to capitalize on opportunities for operational improvements.

Preliminary Results of Operations for the Three Months Ended March 31, 2019

For the three months ended March 31, 2019, we estimate our results of operations to be as follows:

- our commissions and fees will range from $270 million to $275 million for the three months ended March 31, 2019, representing an increase of approximately 21% at the mid-point of the estimated range when compared with commissions and fees of approximately $225 million for the three months ended March 31, 2018;

- our contingent revenue will range from $40 million to $42 million for the three months ended March 31, 2019, representing an increase of approximately 5% at the mid-point of the estimated range when compared with contingent revenue of $39 million for the three months ended March 31, 2018;

- our total revenues will range from $312 million to $317 million for the three months ended March 31, 2019, representing an increase of approximately 19% at the mid-point of the estimated range when compared with total revenues of approximately $265 million for the three months ended March 31, 2018;

- our commission and fee organic revenue growth rate will range from 0.17% to 0.21% and our total *pro forma* revenue growth rate will range from 0.9% to 1.3%, in each case for the three months ended March 31, 2019;

- our Standalone Adjusted EBITDA will range from $103 million to $106 million for the three months ended March 31, 2019, representing a decrease of approximately 1% at the mid-point of the estimated range when compared with *pro forma* Standalone Adjusted EBITDA of approximately $106 million for the three months ended March 31, 2018;

- our Adjusted EBITDA will range from $104 million to $107 million for the three months ended March 31, 2019, representing a decrease of approximately 1% at the mid-point of the estimated range when compared with *pro forma* Adjusted EBITDA of approximately $107 million for the three months ended March 31, 2018; and

- our Adjusted EBITDA for Closed Acquisitions will range from $108 million to $111 million for the three months ended March 31, 2019, representing a decrease of approximately 1% at the mid-point of the estimated range when compared with *pro forma* Adjusted EBITDA for Closed Acquisitions of approximately $111 million for the three months ended March 31, 2018.

Where we refer to "*pro forma*" in this "—Preliminary Results of Operations for the Three Months Ended March 31, 2019" section, we are including within our results of operations for the three months ended March 31, 2018 the results of operations of acquisitions that were consummated during the three months ended March 31, 2019, as if such acquisitions had been consummated and included within our results of operations for the corresponding period during the three months ended March 31, 2018. We believe this presentation provides useful information to assess the relative performance of our business and facilitates comparison of our results of operations across the relevant periods.

We have presented ranges above, instead of specific numbers, as we are currently finalizing our financial closing procedures for the three months ended March 31, 2019 and therefore are not able to provide our actual results. The financial data for the three months ended March 31, 2019 presented above is preliminary, based upon our estimates and is subject to revision based upon our financial closing procedures and the completion of our financial statements. In particular, the ranges were determined based on our estimates of the potential aggregate adjustments that may be made to our commissions and fees, contingent revenue, total revenues, commission and fee organic revenue growth rate, total *pro forma* revenue growth rate, Standalone Adjusted EBITDA, Adjusted EBITDA and Adjusted EBITDA for Closed Acquisitions as part of our financial closing procedures. Prior to the finalization of our financial closing procedures, we are currently unable to determine the nature of the adjustments to be made and, if such adjustments are made, the precise extent of those adjustments. Our actual results may be materially different from our estimates. In addition, these estimated results are not necessarily indicative of our results for the full fiscal year or any future period. The preliminary financial data included in this offering memorandum has been prepared by, and is the responsibility of, AssuredPartners' management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

The Transactions

The Acquisition

On February 20, 2019, Parent, Merger Sub, TopCo and the Seller entered into the Acquisition Agreement, pursuant to which, among other things, Parent will acquire TopCo for approximately $2,762 million.

We expect that the following transactions will occur in connection with the Acquisition:

- investment funds affiliated with GTCR, Apax and certain of the Co-Investors will make the common equity contributions to Parent, which will thereafter contribute such equity contributions to Merger Sub (which aggregate equity contributions are currently estimated to be approximately $1,794 million);

- substantially concurrently with the effective time of the Acquisition, certain members of AssuredPartners' management, including certain members of management of companies and businesses recently acquired by AssuredPartners who have purchased equity units in Parent, will make the common equity rollover contributions to Parent;

- the Initial Issuer will issue $475 million aggregate principal amount of the notes offered hereby;

- immediately prior to the effective time of the Acquisition, the Issuer Merger will occur and AssuredPartners will assume the obligations of the Initial Issuer under the notes and the Indenture;

- at the effective time of the Acquisition, the Acquisition will be consummated and Merger Sub will merge with and into TopCo, with TopCo surviving the merger;

- immediately following the effective time of the Acquisition, TopCo expects to issue and sell the preferred equity;

- on the Acquisition Closing Date, we will amend the Credit Agreement to, among other things, terminate the existing revolving credit facility and enter into a new revolving credit facility;

- substantially concurrently with the effective time of the Acquisition, in connection with the amendments to the Credit Agreement, we will repay all outstanding borrowings under the existing revolving credit facility with cash on hand and a portion of the proceeds from this notes offering, the preferred equity, the common equity contributions and the common equity rollover contributions (as described under "Use of Proceeds");

- substantially concurrently with the effective time of the Acquisition, we will pay the Seller the merger consideration with cash on hand and a portion of the proceeds from this notes offering, the preferred equity, the common equity contributions and the common equity rollover contributions;

- on or after the Acquisition Closing Date, we will amend the Credit Agreement to obtain a senior secured delayed draw term loan facility in an aggregate principal amount of $250 million pursuant to the delayed draw term loan commitment; and

- we expect to pay approximately $81 million of fees and expenses related to the foregoing, including placement and other financing fees (including discounts payable to the initial purchasers in connection with the issuance of the notes offered hereby).

We refer to the Issuer Merger, the Acquisition, the common equity contributions and the common equity rollover contributions described in the foregoing paragraph, the issuance and sale of the preferred equity, this offering of the notes, the use of the proceeds from the preferred equity and the notes, the amendment to the Credit Agreement on the Acquisition Closing Date in connection with the termination of the existing revolving credit facility and entry into a new revolving credit facility, the amendment to the Credit Agreement on or after the Acquisition Closing Date in connection with obtaining the delayed draw term loan facility, and the payment of fees and expenses in connection with the foregoing and the other transactions described above as the "Transactions."

The closing of the Acquisition is subject to customary closing conditions and the Acquisition Agreement may be terminated by the parties for various reasons, including if the Acquisition is not consummated on or prior to the Termination Date (subject to certain limitations and conditions).

For a detailed discussion of the expected sources and uses of funds for the Transactions, see "Use of Proceeds" and for more information on the Transactions, see "The Transactions."

Credit Agreement Amendment

In connection with the consummation of the Transactions, (i) on the Acquisition Closing Date, we will amend the Credit Agreement to, among other things, terminate the existing revolving credit facility and enter into a new revolving credit facility and (ii) on or after the Acquisition Closing Date, we will amend the Credit Agreement to obtain the delayed draw term loan facility under the incremental facility provisions of the Credit Agreement pursuant to the delayed draw term loan commitment. We intend to use the proceeds of borrowings under the delayed draw term loan facility to fund acquisitions (including for acquisitions pending under signed letters of intent) and for other general corporate purposes. We do not expect to incur any borrowings under the delayed draw term loan facility on the Acquisition Closing Date if the delayed draw term loan facility is obtained on the Acquisition Closing Date. See "Description of Certain Other Indebtedness."

Sources and Uses

The following summarizes the estimated sources and uses of funds in connection with the Transactions. The amounts set forth in the table and the accompanying footnotes will vary from actual amounts on the Acquisition Closing Date depending on several factors, including our estimate of purchase price adjustments, working capital and fees and expenses. See "The Transactions."

You should read the following together with the information included under the headings "The Transactions," "Capitalization" and "Unaudited Pro Forma Consolidated Financial Data" included elsewhere in this offering memorandum.

($ in millions)

Sources	**Amount**	**Uses**	**Amount**
Cash and cash equivalents[1]	32	Purchase price[5]	$2,762
Notes offered hereby[2]	475	Repayment of revolving credit facility[6]	193
Equity contributions[3]	1,954	Estimated fees & expenses[7]	81
Equity rollover contributions[4]	575		
Total Sources	$3,036	**Total Uses**	$3,036

(1) Represents the expected use of cash and cash equivalents to finance the Transactions, which includes $19 million of cash at TopCo.

(2) Represents the aggregate principal amount of the notes offered hereby.

(3) Represents expected common equity contributions from GTCR, Apax and certain of the Co-Investors and the proceeds from the sale of the preferred equity issued and sold by TopCo. The amount of the common equity contributions from GTCR, Apax and certain of the Co-Investors may (i) decrease if GTCR does not require the full amount to fund payments required in connection with the Transactions, (ii) increase if estimated fees and expenses associated with the Transactions are greater than expected or (iii) increase or decrease depending on whether common equity rollover contributions are lower or higher than expected. See "The Transactions," "Use of Proceeds" and "Certain Relationships and Related Party Transactions—Preferred Equity Documentation."

(4) Represents the expected common equity rollover contributions from certain members of AssuredPartners' management, including certain members of management of companies and businesses recently acquired by AssuredPartners who have purchased equity units in Parent. The amount of the common equity rollover contributions from certain members of management may change, in which case the common equity contributions from GTCR, Apax and certain of the Co-Investors will change accordingly to account for any difference.

(5) Represents the estimated total consideration for all of the share capital of TopCo.

(6) In connection with the Transactions, on the Acquisition Closing Date, we will amend the Credit Agreement to, among other things, terminate the existing revolving credit facility and enter into a new revolving credit facility. We expect to use a portion of the proceeds from this notes offering, the preferred equity, the common equity contributions and the common equity rollover contributions, each as described under "The Transactions," together with cash on hand, to repay in full outstanding borrowings under the existing revolving credit facility. As of December 31, 2018, we had no outstanding borrowings under the existing revolving credit facility and approximately $267.5 million of additional borrowing capacity available under the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. As of April 25, 2019, we had $218.0 million of borrowings outstanding under the existing revolving credit facility and approximately $49.5 million of additional borrowing capacity available under the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. We expect to repay $25.0 million of borrowings under the existing revolving credit facility on April 30, 2019. We may borrow under the existing revolving credit facility to fund acquisitions currently

pending under signed letters of intent. We may draw amounts under our new revolving credit facility on the Acquisition Closing Date to (i) refinance or rollover any outstanding loans under the existing revolving credit facility, (ii) backstop or rollover any issued and outstanding letters of credit under the existing revolving credit facility, (iii) finance any original issue discount to be paid on the Acquisition Closing Date in connection with the notes offered hereby or (iv) finance a portion of the Transactions and/or for working capital on the Acquisition Closing Date in an amount up to $20 million. See "The Transactions," "Use of Proceeds" and "Description of Certain Other Indebtedness."

(7) Consists of our estimate of fees and expenses associated with the Transactions, including placement fees, initial purchaser discounts, underwriting and other financing fees, our estimate of any original issue discount, and other transaction costs for advisory and professional fees. All fees, expenses and other costs are estimates and actual amounts may differ from those set forth in this offering memorandum.

Our Sponsors

Founded in 1980, GTCR is a leading private equity firm focused on investing in growth companies in the financial services & technology, healthcare, technology, media & telecommunications and growth business services industries. The Chicago-based firm pioneered The Leaders Strategy™—finding and partnering with management leaders in core domains to identify, acquire and build market-leading companies through transformational acquisitions and organic growth. Since its inception, GTCR has invested more than $15 billion in over 200 companies.

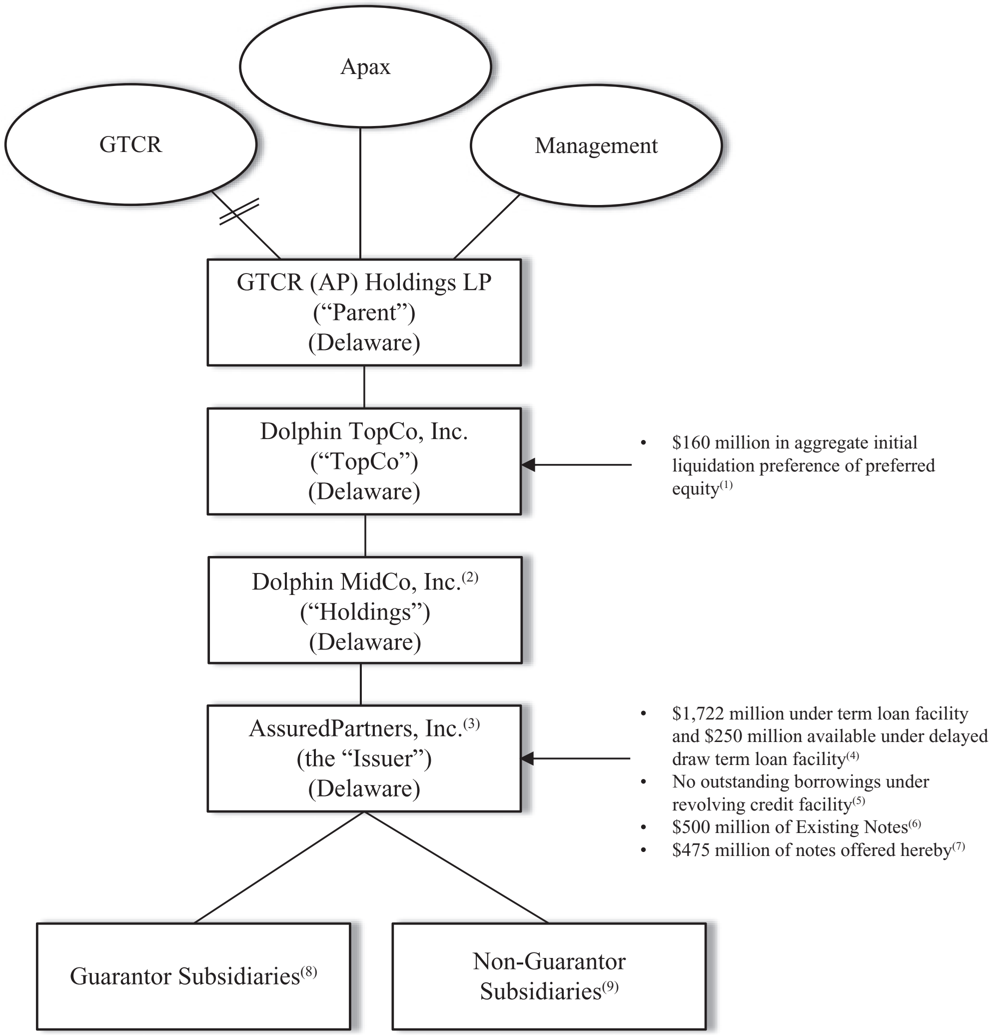
Apax Partners LLP is a leading global private equity advisory firm. Over its more than 40-year history, Apax Partners LLP has raised and advised funds with aggregate commitments of circa. $50 billion. Apax invests in companies across four global sectors of Tech & Telco, Services, Healthcare and Consumer. These funds provide long-term equity financing to build and strengthen world-class companies.

Corporate Information

The Initial Issuer is a corporation formed under the laws of the State of Delaware. AssuredPartners is a corporation formed under the laws of the State of Delaware. Our principal executive offices are located at 200 Colonial Center Parkway, Suite 140, Lake Mary, Florida 32746. Our telephone number is (407) 804-5222. Our website address is www.assuredpartners.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, 2018, as adjusted to give effect to the Transactions. The following chart reflects our effective ownership structure, but has been condensed and does not include all of the entities in the Issuer's corporate structure.



(1) Represents the issuance and sale of the preferred equity by TopCo.

(2) Holdings is a guarantor under the senior secured credit facilities and is not a guarantor of the Existing Notes and, following the Transactions, will not be a guarantor of the notes offered hereby.

(3) AssuredPartners is the borrower under the senior secured credit facilities and the issuer of the Existing Notes. On the Issue Date immediately following the Issuer Merger, AssuredPartners will be the issuer of the notes offered hereby.

(4) As of December 31, 2018, we had $1,722 million of senior secured term loans outstanding under our term loan facility. The term loan facility will mature in October 2024. In connection with the Transactions, on or

after the Acquisition Closing Date we expect to obtain a senior secured delayed draw term loan facility in an aggregate principal amount of $250 million pursuant to the delayed draw term loan commitment. We do not expect to incur any borrowings under the delayed draw term loan facility on the Acquisition Closing Date if the delayed draw term loan facility is obtained on the Acquisition Closing Date. See “Description of Certain Other Indebtedness.”

(5) In connection with the Transactions, we expect to use a portion of the proceeds from this notes offering, together with cash on hand and proceeds from (i) the issuance and sale by TopCo of the preferred equity, (ii) the common equity contributions and (iii) the common equity rollover contributions, each as described under “The Transactions,” to repay in full outstanding borrowings under the existing revolving credit facility. As of December 31, 2018, we had no borrowings under the existing revolving credit facility and approximately $267.5 million of additional borrowing capacity available under the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. As of April 25, 2019, we had $218.0 million of borrowings outstanding under the existing revolving credit facility and approximately $49.5 million of additional borrowing capacity available under the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. We expect to repay $25.0 million of borrowings under the existing revolving credit facility on April 30, 2019. We may borrow under the existing revolving credit facility to fund acquisitions currently pending under signed letters of intent. We may draw amounts under our new revolving credit facility on the Acquisition Closing Date to (i) refinance or rollover any outstanding loans under the existing revolving credit facility, (ii) backstop or rollover any issued and outstanding letters of credit under the existing revolving credit facility, (iii) finance any original issue discount to be paid on the Acquisition Closing Date in connection with the notes offered hereby or (iv) finance a portion of the Transactions and/or for working capital on the Acquisition Closing Date in an amount up to $20 million. See “The Transactions,” “Use of Proceeds” and “Description of Certain Other Indebtedness.”

(6) Represents the aggregate principal amount of the Existing Notes.

(7) Represents the aggregate principal amount of notes offered hereby. We expect to use the net proceeds from this offering, together with cash on hand and proceeds from (i) the issuance and sale by TopCo of the preferred equity, (ii) the common equity contributions and (iii) the common equity rollover contributions, each as described herein under “The Transactions,” to finance the Acquisition, repay in full outstanding borrowings under the existing revolving credit facility and pay related fees and expenses. See “Use of Proceeds.”

(8) On the Issue Date immediately following the Issuer Merger, subject to certain exceptions, the notes will be fully and unconditionally guaranteed, jointly and severally, by each wholly-owned domestic 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. 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.

(9) The notes will not be guaranteed by any of our subsidiaries that do not guarantee the senior secured credit facilities or certain capital market debt. On a *pro forma* basis after giving effect to the Transactions, our non-guarantor subsidiaries would have accounted for an immaterial portion of our consolidated total revenues and consolidated income from operations, in each case, for the year ended December 31, 2018, and would have accounted for an immaterial portion of our consolidated total assets and total liabilities, in each case, as of December 31, 2018.

THE OFFERING

The notes will be governed by the Indenture. The following summary contains basic information about this offering and the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes and the guarantees, please refer to the section titled "Description of Notes" in this offering memorandum. In this summary, the terms "we," "us" and "our" each refer to the Issuer, and not to any of its subsidiaries. Certain descriptions in this offering memorandum of provisions of the Indenture are summaries of such provisions and are qualified herein by reference to the Indenture. Unless the context otherwise requires, references to ranking and guarantees for the notes assume the Acquisition has been consummated.

Issuer	The Initial Issuer will issue the notes offered hereby and, on the Acquisition Closing Date immediately prior to the consummation of the Acquisition, will merge with and into AssuredPartners, with AssuredPartners continuing as the surviving entity and assuming the obligations of the Initial Issuer under the notes and Indenture.
The Notes	$475.0 million aggregate principal amount of % Senior Notes due 2027.
Maturity	, 2027.
Interest	Interest on the notes will accrue from , 2019 at a rate of % per annum.
Interest Payment Dates	Interest on the notes will be payable semi-annually in cash in arrears on and of each year, commencing on , 2019.
Guarantees	On the Issue Date immediately following the Issuer Merger, subject to certain exceptions, the notes will be fully and unconditionally guaranteed, jointly and severally, by each wholly-owned domestic 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. See "Description of Notes—Note Guarantees."
Security	The notes and the related guarantees will be senior unsecured obligations of the Issuer and the guarantors.
Ranking	On the Issue Date immediately following the Issuer Merger, the notes and the related guarantees will be the senior unsecured obligations of the Issuer and the guarantors. The notes and the related guarantees will: • rank senior in right of payment to all of the Issuer's and the guarantors' existing and future obligations that are, by their terms, expressly subordinated in right of payment to the notes;

- rank equal in right of payment to the Issuer's and the guarantors' existing and future senior indebtedness, including the obligations under the senior secured credit facilities and the Existing Notes;

- be effectively subordinated to all of the Issuer's and the guarantors' existing and future secured indebtedness, including the obligations under the senior secured credit facilities, to the extent of the value of the assets securing such indebtedness; and

- be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of the Issuer's non-guarantor subsidiaries.

For more information regarding the Issuer's indebtedness after giving effect to the Transactions, see "Description of Certain Other Indebtedness."

On a *pro forma* basis after giving effect to the Transactions:

- as of December 31, 2018, we would have had, on a consolidated basis, total indebtedness and other liabilities of approximately $2,702 million (including the notes offered hereby), including $1,722 million of senior secured term loans under our term loan facility, to which the notes would have been effectively subordinated to the extent of the value of the assets securing such indebtedness;

- as of December 31, 2018, we would have had an additional $267.5 million of availability under our revolving credit facility (excluding $0.9 million of outstanding letters of credit) and an additional $250 million of availability under the delayed draw term loan facility, to which, if borrowed, the notes would have been effectively subordinated to the extent of the value of the assets securing such indebtedness;

- for the year ended December 31, 2018, our non-guarantor subsidiaries would have accounted for an immaterial portion of our consolidated total revenues and consolidated income from operations and, as of December 31, 2018, would have accounted for an immaterial portion of our consolidated total assets and total liabilities.

See "Risk Factors—Risks Related to the Notes and our Indebtedness—The notes will be structurally subordinated to all obligations of our existing and future subsidiaries that are not and do not become guarantors of the notes."

Optional Redemption . . . . The Issuer may redeem the notes, in whole or in part, at the Issuer's option at any time on or after , 2022, at the redemption prices set forth herein, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

	At any time prior to , 2022, the Issuer may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus an applicable "make-whole" premium. At any time prior to , 2022, the Issuer may redeem up to 40% of the aggregate principal amount of the notes issued under the Indenture in an amount not exceeding the net cash proceeds of certain equity offerings at a redemption price equal to % of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In connection with any offer to purchase all or any of the notes (including a change of control offer and any tender offer), if holders of no less than 90% of the aggregate principal amount of the notes validly tender their notes, the Issuer is entitled to redeem any remaining notes at the price offered to each holder. See "Description of Notes—Optional Redemption."
Change of Control	If a specific kind of change in control occurs, the Issuer may be required to offer to repurchase the notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the date of purchase. In addition, a change of control will not be deemed to have occurred if (A) the Issuer's consolidated leverage ratio is less than a certain specified level and (B) certain specified credit ratings from Moody's and S&P are achieved. See "Description of Notes—Repurchase at the Option of Holders—Change of Control." We may not, however, be able to pay you the required price for the notes you present to us at the time of a change of control because: • we may not have enough funds at that time; or • the terms of the Credit Agreement, the Existing Indenture, the Indenture or other debt facilities may prevent us from making such payment. See "Risk Factors—Risks Related to the Notes and our Indebtedness—We may not be able to finance a change of control offer as required by the Indenture."
Asset Sale Offer	If the Issuer or any of its restricted subsidiaries sell assets, under certain circumstances, the Issuer will be required to use the net proceeds to make an offer to purchase the notes at an offer price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See "Description of Notes—Repurchase at the Option of Holders—Asset Sales."

Certain Covenants	The Indenture will contain certain covenants that, among other things, will limit the Issuer's ability and the ability of the Issuer's restricted subsidiaries to: • incur additional debt, guarantee debt or issue certain disqualified stock and preferred stock; • create liens; • pay dividends or distributions or redeem or repurchase equity; • prepay subordinated debt or make certain investments; • transfer and sell assets; • engage in a consolidation or merger, or sell, transfer or otherwise dispose of all or substantially all of their assets; and • enter into transactions with affiliates. These covenants are subject to a number of important detailed exceptions and qualifications, which are described under "Description of Notes—Certain Covenants." In addition, certain of the covenants will be suspended if any two of Moody's, Fitch and Standard & Poor's assign the notes an investment grade rating in the future and no default exist under the indenture. See "Description of Notes—Certain Covenants—Effectiveness of Covenants."
Form and Denomination	The notes will be issued in registered form in minimum denominations of $2,000 and in integral multiples of $1,000 in excess thereof.
Transfer Restrictions; No Registration Rights	The notes have not been and will not be registered under the Securities Act or any other applicable securities laws. The notes may not be offered or sold 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. We do not intend to issue registered notes and note guarantees in exchange for the notes and the note guarantees to be placed in this offering, and the absence of registration rights may adversely impact the transferability of the notes. See "Notice to Investors."
No Prior Market	The notes will be new securities for which there currently is no market and the notes will not be listed on any securities exchange or quoted on any quotation system. Although the initial purchasers have informed the Issuer that they intend to make a market in the notes, such initial purchasers are not obligated to do so and may discontinue

	market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.
Use of Proceeds	The Issuer expects to use the net proceeds from this offering, together with cash on hand and proceeds from (i) the issuance and sale by TopCo of the preferred equity, (ii) the common equity contributions and (iii) the common equity rollover contributions, each as described herein under “The Transactions,” to finance the Acquisition, repay in full outstanding borrowings under the existing revolving credit facility and pay related fees and expenses. See “Use of Proceeds.”
Original Issue Discount	If the stated principal amount of the notes exceeds their “issue price” (as defined in “Certain U.S. Federal Income Tax Considerations”) by a threshold greater than a statutorily defined *de minimis* amount, the notes will be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes in an amount equal to such excess. In such event, U.S. Holders (as defined in “Certain U.S. Federal Income Tax Considerations”) will generally be required to include such OID in their gross income (as ordinary income) for U.S. federal income tax purposes as such OID accrues, in advance of the receipt of cash payments attributable to such OID, using the constant yield method (regardless of such holder’s regular method of accounting for U.S. federal income tax purposes). See “Certain U.S. Federal Income Tax Considerations.”
Trustee	U.S. Bank National Association.
Governing Law	The notes and the Indenture will be governed by the law of the State of New York.
Risk Factors	See “Risk Factors” for a discussion of the risks you should carefully consider before deciding to invest in the notes.

Summary Historical Consolidated and Unaudited Pro Forma Consolidated Financial Data

The following table sets forth our summary historical consolidated financial data and summary unaudited *pro forma* consolidated financial data as of the dates and for the periods indicated.

The summary historical consolidated financial data as of December 31, 2016, 2017 and 2018 and for each of the years ended December 31, 2016, 2017 and 2018 have been prepared in accordance with GAAP. The balance sheet data as of December 31, 2017 and 2018 and the statements of operations and cash flows for each of the years ended December 31, 2016, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this offering memorandum. The balance sheet data as of December 31, 2016 has been derived from our audited consolidated financial statements not included 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.

The summary unaudited *pro forma* consolidated financial data has been calculated from the unaudited *pro forma* consolidated financial data as of and for the year ended December 31, 2018 included elsewhere in this offering memorandum. The summary unaudited *pro forma* statement of operations has been adjusted to give effect to the Transactions as if they occurred on January 1, 2018. The summary unaudited *pro forma* consolidated balance sheet data has been adjusted to give effect to the Transactions as if these events occurred as of December 31, 2018. The unaudited *pro forma* consolidated financial data does not include *pro forma* or historical financial data regarding certain companies and businesses we have acquired or have entered into binding agreements to acquire that would have been required if this offering was made pursuant to a registration statement filed with the SEC.

The Acquisition will be accounted for as a business combination in accordance with Accounting Standards Codification ("ASC") Topic 805—Business Combinations ("ASC 805") which established a new basis of accounting for all identifiable assets acquired and liabilities assumed at fair value as of the date control is obtained. Under the acquisition method of accounting, the purchase price will be allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market value, with any excess purchase price allocated to goodwill. The *pro forma* purchase price allocation was based on estimates of the fair market value of the tangible and intangible assets and liabilities of AssuredPartners as described in "Unaudited Pro Forma Consolidated Financial Data." As of the date of this offering memorandum, the valuation studies necessary to determine the fair market value of the assets and liabilities to be acquired and the related allocations of purchase price are preliminary. A final determination of fair values will be based on the actual net tangible and intangible assets that existed as of the closing date of the Transactions. The final purchase price allocation will be based, in part, on third-party appraisals and may be different than that reflected in the *pro forma* purchase price allocation and any differences may be material.

The summary unaudited *pro forma* consolidated financial data is for information purposes only and does not purport to present what our results of operations and financial condition would have been had the Transactions actually occurred on the dates indicated, nor does it project our results of operations for any future period or our financial condition at any future date. The historical and *pro forma* results presented below are not necessarily indicative of what our financial position, results of operations and cash flows may be in the future. This information is only a summary and should be read in conjunction with "Basis of Presentation," "Risk Factors," "The Transactions," "Capitalization," "Unaudited Pro Forma Consolidated Financial Data," "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and the accompanying notes appearing elsewhere in this offering memorandum, as well as the other financial information included in this offering memorandum.

The unaudited *pro forma* leverage and credit statistics are for informational purposes only and are not necessarily indicative of what our financial position or results of operations would have been had the Transactions been completed as of such dates, and do not purport to represent what our EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA or leverage ratios might be for any future period.

	Historical			Pro Forma
	Year Ended December 31,			Year Ended December 31,
(in thousands)	**2016**	**2017**	**2018**	**2018**
Statements of Operations:				
Revenues				
Commissions and fees	$ 567,605	$ 795,095	$ 993,685	$ 993,685
Contingent revenue	46,639	52,282	65,764	65,764
Total revenues	614,244	847,377	1,059,449	1,059,449
Expenses				
Compensation expense	366,901	535,517	609,563	609,563
Selling expense	13,114	16,328	19,830	19,830
Administrative expense	77,727	141,663	172,910	172,910
Transaction expense	2,908	4,241	2,187	2,187
Increase in fair value of earn-out payables, net	16,145	15,908	27,751	27,751
Depreciation and amortization expense	53,509	73,396	86,901	157,529
Total operating expenses	530,304	787,053	919,142	989,770
Income from operations	83,940	60,324	140,307	69,679
Interest expense	(98,422)	(111,429)	(126,628)	(194,695)
Accretion on fair value of earn-out payables, net	(14,102)	(10,097)	(10,440)	(10,440)
Debt extinguishment loss	—	(24,906)	—	—
Other income (expense)	(8,847)	5,498	7,273	7,273
Income (loss) before benefit for income taxes	(37,431)	(80,610)	10,512	(128,183)
Benefit (provision) for income taxes	10,861	45,001	(4,983)	31,697
Net income (loss)	$ (26,570)	$ (35,609)	$ 5,529	$ (96,486)
Balance Sheet Data (at period end):				
Cash and cash equivalents[1]	$ 79,499	$ 130,617	$ 149,744	$ 310,744
Total assets	2,330,676	3,075,779	3,597,381	5,915,830
Total debt, net of original issue discounts[2]	1,299,694	1,724,392	2,187,023	2,505,089
Total liabilities	1,638,800	2,275,928	2,788,454	3,406,459
Total equity[3]	691,876	799,851	808,927	2,509,371
Cash Flows Data:				
Net cash (used in) provided by:				
Operating activities	$ 47,632	$ 80,252	$ 113,465	
Investing activities	(239,667)	(440,403)	(520,976)	
Financing activities	185,573	411,269	426,638	
Other Financial Data:				
Adjusted Revenue[4]				$1,263,879
EBITDA[5]	$ 114,500	$ 104,215	$ 224,041	$ 224,041
Standalone Adjusted EBITDA[5]	$ 171,655	$ 246,578	$ 319,577	$ 319,577
Adjusted EBITDA[5]			$ 347,685	$ 347,685
Adjusted EBITDA for Closed Acquisitions[5]				$ 375,773
Acquisition Adjusted EBITDA[5]				$ 386,679
Free Cash Flow[5][6]	$ 163,462	$ 240,518	$ 312,316	$ 312,316
Capital expenditures	$ 8,193	$ 6,060	$ 7,261	$ 7,261
Total cash interest expense[7]				$ 164,578
Ratio of Adjusted EBITDA for Closed Acquisitions to total cash interest expense[5][7][8]				2.28x

	As Adjusted Pro Forma Year Ended December 31, 2018[9]
Selected Credit Data:	
Total net debt (exclusive of unamortized discounts and deferred financing costs)[10]	$2,546,745
First lien net debt (exclusive of unamortized discounts and deferred financing costs)[11]	$1,569,279
Ratio of total net debt to Adjusted EBITDA for Closed Acquisitions[5][10][12]	6.78x
Ratio of first lien net debt to Adjusted EBITDA for Closed Acquisitions[5][11][13]	4.18x

(1) Cash and cash equivalents for the *pro forma* period reflects an estimate of cash and cash equivalents on our balance sheet on the Acquisition Closing Date after giving *pro forma* effect to the Transactions. See "Capitalization."

(2) Total indebtedness is presented net of unamortized discounts and deferred financing costs. Without giving effect to unamortized discounts and deferred financing costs, *pro forma* total indebtedness is expected to be $2,702 million.

(3) Total equity as at the end of the *pro forma* period reflects estimated fees and expenses from the Transactions.

(4) 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 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 Financial Measures."

	Year Ended December 31, 2018
Total revenues	$1,059,449
Other acquired revenues during year ended December 31, 2018[a]	83,770
Other acquired revenues through April 26, 2019[b]	85,321
Other acquired revenues under signed letters of intent[c]	34,153
Purchase accounting adjustments[d]	1,186
Adjusted Revenue	$1,263,879

(a) Represents the revenues, based on our diligence, for the period commencing January 1, 2018 and ending on the date immediately preceding the applicable acquisition date with respect to the various companies or businesses acquired by AssuredPartners during the year ended December 31, 2018. For more information on these acquisitions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Combinations."

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."

(b) Represents the revenues, based on our diligence, for the most recent trailing twelve-month period prior to entering into the applicable purchase agreement with respect to the various companies or businesses acquired by AssuredPartners during the period between January 1, 2019 and April 26, 2019 less revenues attributable to divestitures that occurred during the same period. For more information on these acquisitions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Combinations."

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."

(c) Represents the revenues, based on our diligence, for the year ended December 31, 2018 with respect to the various companies or businesses for which acquisition letters of intent have been signed. We expect these acquisitions will close by August 1, 2019. However, there can be no assurance that these acquisitions will close or the timing thereof. If the acquisitions do not close, we will not benefit from the expected impact to our Adjusted Revenue. We expect to fund these acquisitions with cash on hand, borrowings under our revolving credit facility and/or borrowings under the delayed draw term loan facility.

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."

(d) Represents cancellation of reserves initially booked in connection with the various companies or businesses acquired and fair value adjustment related to acquired deferred revenue during the period presented.

(5) EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA and Free Cash Flow are not measurements of financial performance prepared in accordance with GAAP and have important limitations as analytical tools. We believe these financial measures give investors meaningful information to help them understand our operating results and to analyze our financial and business trends on a period-to-period basis. Any analysis of non-GAAP 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 these limitations 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;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and these non-GAAP financial measures do not reflect cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, these non-GAAP financial measures and the related ratios should not be considered as measures of discretionary cash available to invest in business growth or to reduce indebtedness. See "Non-GAAP Financial Measures."

The following table presents a reconciliation of EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions and Acquisition Adjusted EBITDA to net income (loss) for the periods indicated:

	Historical			**Pro Forma**
	Year Ended December 31,			**Year Ended December 31,**
(in thousands)	**2016**	**2017**	**2018**	**2018**
Net income (loss)	$ (26,570)	$ (35,609)	$ 5,529	$ (96,486)
Interest expense[(a)]	98,422	111,429	126,628	194,695
Provision (benefit) for income taxes	(10,861)	(45,001)	4,983	(31,697)
Depreciation and amortization expense	53,509	73,396	86,901	157,529
EBITDA	$114,500	$104,215	$224,041	$224,041
Changes in non-cash earn-out valuation[(b)]	30,247	26,004	38,192	38,192
Stock-based compensation	3,532	17,894	7,023	7,023
Seller-funded transition compensation payments[(c)]	1,462	8,673	3,697	3,697
New and unvalidated producers[(d)]	2,849	3,266	3,323	3,323
Other non-recurring income and expense, net[(e)]	8,485	61,620	43,301	43,301
Debt extinguishment loss[(f)]	—	24,906	—	—
One-time settlement costs[(g)]	10,580	—	—	—
Standalone Adjusted EBITDA	$171,655	$246,578	$319,577	$319,577
Other Acquired EBITDA during year ended December 31, 2018[(h)]			28,108	28,108
Adjusted EBITDA			$347,685	$347,685
Other Acquired EBITDA through April 26, 2019[(i)]				28,088
Adjusted EBITDA for Closed Acquisitions				$375,773
Other Acquired EBITDA under signed letters of intent through April 26, 2019[(j)]				10,906
Acquisition Adjusted EBITDA				$386,679

(a) Represents interest expense associated with debt excluding non-cash interest accretion associated with earn-out payables.

(b) Represents the non-cash changes in estimates related to the potential future earn-out obligations from prior acquisitions.

(c) Represents the non-recurring expenses related to transitional compensation for producers and non-owner leadership at recently acquired agencies.

(d) Represents the net impact of our program for new and unvalidated producers, representing their salary and benefits less earned commissions of such producers.

(e) Includes third-party transaction expenses, other acquisition-related and one-time consulting expenses, compensation costs associated with office restructurings, and changes in fair value of derivatives.

(f) Represents the accounting for the Existing Notes and the associated write-off of capitalized loan closing costs and original issue discount associated with repaid second lien term loans.

(g) Represents a portion of the legal settlement costs in connection with an employee hiring dispute. See "Business—Legal Proceedings."

(h) Represents the Adjusted EBITDA, based on our diligence, for the period commencing January 1, 2018 and ending on the date immediately preceding the applicable acquisition date with respect to the various companies or businesses acquired by AssuredPartners during the year ended December 31, 2018. For more information on these acquisitions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Combinations." See "Non-GAAP Financial Measures" for more information on limitations of non-GAAP financial measures.

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."

(i) Represents the Adjusted EBITDA, based on our diligence, for the most recent trailing twelve-month period prior to entering into the applicable purchase agreement with respect to the various companies or businesses acquired by AssuredPartners during the period between January 1, 2019 and April 26, 2019 less the Adjusted EBITDA attributable to divestitures that occurred during the same period. For more information on these acquisitions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Combinations." See "Non-GAAP Financial Measures" for more information on limitations of non-GAAP financial measures.

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."

(j) Represents the Adjusted EBITDA, based on our diligence, for the year ended December 31, 2018 with respect to the various companies or businesses for which acquisition letters of intent have been signed. We expect these acquisitions will close by August 1, 2019. However, there can be no assurance that these acquisitions will close or the timing thereof. If the acquisitions do not close, we will not benefit from the expected impact to our Acquisition Adjusted EBITDA. We may borrow under the existing revolving credit facility to fund acquisitions currently pending under signed letters of intent. See "Non-GAAP Financial Measures" for more information on limitations of non-GAAP financial measures.

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."

(6) We define Free Cash Flow as Standalone Adjusted EBITDA less capital expenditures.

(7) Total cash interest expense is calculated by adjusting total cash interest expense to give *pro forma* effect to the Transactions using the interest rate on the senior secured credit facilities and the Existing Notes and giving *pro forma* effect to the issuance of the notes offered hereby and the repayment of our revolving credit facility, as if such transactions had occurred on January 1, 2018. Actual cash interest expense will depend upon the interest rates payable on the notes. See "Unaudited Pro Forma Consolidated Financial Data."

(8) The ratio of Adjusted EBITDA for Closed Acquisitions to total cash interest expense is determined by dividing Adjusted EBITDA for Closed Acquisitions by total cash interest expense. Our calculation of this ratio may differ under the Credit Agreement, the Existing Indenture and the Indenture.

(9) As adjusted *pro forma* as of and for the period ended December 31, 2018 gives *pro forma* effect to Transactions as well as an amortization payment of principal made on March 29, 2019 of $4.9 million under our term loan facility, borrowings under our revolving credit facility to finance acquisitions that occurred after December 31, 2018 (which we expect will be repaid in connection with the Transactions) and estimated unrestricted cash and cash equivalents on the balance sheet on the Acquisition Closing Date of $150.7 million. See "Capitalization."

(10) Total net debt represents as adjusted *pro forma* total debt (exclusive of unamortized discounts and deferred financing costs) of $2,697.4 million less estimated cash and cash equivalents of $150.7 million as of the Acquisition Closing Date. See "Capitalization."

(11) First lien net debt represents as adjusted *pro forma* total debt (exclusive of unamortized discounts and deferred financing costs) that is secured by a first priority lien of $1,720.0 million less estimated cash and cash equivalents of $150.7 million as of the Acquisition Closing Date. See "Capitalization."

(12) The ratio of total net debt to Adjusted EBITDA for Closed Acquisitions is determined by dividing total net debt by Adjusted EBITDA for Closed Acquisitions. Our calculation of this ratio may differ under the Credit Agreement, the Existing Indenture and the Indenture.

(13) The ratio of first lien net debt to Adjusted EBITDA for Closed Acquisitions is determined by dividing first lien net debt by Adjusted EBITDA for Closed Acquisitions. Our calculation of this ratio may differ under the Credit Agreement, the Existing Indenture 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 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

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, which may negatively impact our revenue, results of operations and cash flows.

We derive revenues principally from commissions paid by insurance carriers. For the year ended December 31, 2018, we derived approximately 94% of our total revenue 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, property and casualty 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 significantly decline. If premiums decline or commission rates are reduced, our revenues, 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.

Profit-sharing 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 profit-sharing contingent commissions paid by insurance carriers. Profit-sharing 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, 2018, we derived approximately 6% of our total revenue from such profit-sharing 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. To the extent that reinsurance becomes less widely available, we may not be able to procure the amount or types 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, 2018, no single carrier accounted for more than 6.1% of our total gross premiums written or commissions and fee revenue, with the top ten carriers in the aggregate representing approximately 29.2% of our commissions and fee revenue.

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 revenues which is difficult to predict, and a strong economic period may not necessarily result in higher revenues.

Total insurance volumes have historically been influenced by the state of the overall economy. The specific impact of the economy on our revenues 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. Similarly, our employee benefits business may be adversely impacted as businesses 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 revenues we generally would expect to see in a strong economic period may not necessarily occur, as any increase in the volume of insurance business brought about by favorable economic conditions may be offset by premium rates that have declined in response to increased competitive and loss conditions, among other factors.

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 and consolidating 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 against our competitors, we will suffer a loss of market share, decreased revenue and reduced operating margins. Further, competition may reduce the fees that the Company 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. Because 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 our clients' needs and delivering high-quality brokering and risk management solutions tailored to satisfy those needs. If a client is not satisfied with our services, it could cause us to incur costs and 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 multiple 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 business and adversely affect our ability to secure new business.

We may be unsuccessful in identifying and acquiring suitable acquisition candidates or integrating acquired insurance brokerages, 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 and integrate 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.

Even after a successful acquisition of a business, we may be unable to successfully integrate such acquired business with our existing business and operations or the business may not perform in accordance with the *pro forma* projections that informed the purchase price for such acquisition. The integration of an acquired business involves a number of factors that may negatively affect our operations, including, but not limited to:

- distraction of management or lack of leadership within the acquired 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, and coordination of product, and sales and marketing functions, transition of operations, users, and customers onto our existing platforms, as well as 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 brokerages we acquire, we may not have identified all material facts concerning these brokerages. Unanticipated events or liabilities relating to these brokerages could have a material adverse effect on our results of operations, financial condition and cash flow. Furthermore, once we have integrated an acquired brokerage, it may not achieve levels of revenue, profitability, or productivity comparable to our existing business, or otherwise perform as expected.

While we intend 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 controls, especially transaction review and monitoring activities, of such businesses. 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, results of operations, financial condition and cash flow.

We may not be able to successfully implement our various growth strategies and initiatives.

Our growth strategy also includes a focus on driving organic growth, which involves the expansion of our platforms through the development of, and investment in, our existing lines of business. In particular, we have intensified our producer recruitment efforts and restructured aspects of our compensation and performance model to optimize our existing sales force. In addition, we have also implemented performance improvement initiatives across our insurance brokerage operations, with a focus on optimizing certain selling and administrative expenses, as well as IT initiatives to better track and report sales and evaluate performances across our organization.

Our future growth depends, in large part, on our ability to successfully implement these strategies. If we fail to successfully implement these strategies or if any of these strategies ultimately proves unsuccessful, our business, financial condition and results of operations may be materially adversely affected.

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, Kentucky, Ohio, Missouri, New York, Florida, New Jersey and Pennsylvania. 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, or other circumstances specific to or otherwise significantly impacting these states could adversely affect our financial condition, results of operations and cash flows.

Economic conditions could result in financial instability for financial institutions that hold our operating and trust cash and cash equivalents, which could have a negative impact on our results of operations, 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 are 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.

Our business practices and compensation arrangements are subject to uncertainty due to scrutiny by various governmental authorities.

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 products or a carrier that provide a better compensation arrangement to the intermediary. The legislatures and insurance departments of various states have adopted various laws and regulations addressing contingent commission arrangements, and may in the future adopt new laws and regulations, including laws prohibiting such arrangements and addressing disclosure of such arrangements to insureds. In addition, in the past there have been governmental inquiries and investigations into the insurance industry's commission payment practices, including practices similar to ours.

While we cannot predict the outcome of any potential future governmental inquiries and investigations or the responses by the market and government regulators, as well as any new laws or regulations that may be enacted, any unfavorable resolution of these matters could adversely affect our results of operations. 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, results of operations and cash flows.

Government regulation and resulting market dynamics relating to the group health plans we sell could negatively affect our results of operations 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 access to group health insurance products and services, as well as advice on benefit plan design for their employees; 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 insurance or, in certain cases, property insurance in catastrophe-prone areas or other alternative market types of coverage, that compete with, or completely replace, insurance 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, results of operations, financial condition and cash flows.

Our business, results of operations, 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 and/or the provision of services in the ordinary course of business. Because we often assist customers with matters involving substantial amounts of money, including the placement of insurance and the handling of related claims that customers may assert, errors and omissions claims 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 potentially significant legal and defense costs. Such claims, lawsuits and other proceedings could, for example, include claims 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. We have established provisions against these potential matters that we believe to be adequate in the light of current information and legal advice, and we adjust such provisions from time to time according to developments.

While most of the errors and omissions claims made against us have been covered by our professional indemnity insurance (subject to our deductibles), our results of operations, 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. Our ability to obtain professional indemnity insurance in the amounts and with the deductibles we desire in the future 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 are subject to litigation which, if determined unfavorably to us, could have a material adverse effect on our business, results of operations 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, results of operations 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, the United Kingdom and in each state and province 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 U.S. 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, the U.K. Bribery Act and other anti-corruption laws and regulations in the countries 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 have non-U.S. operations which expose us to exchange rate fluctuations and various other risks that could impact our business.

A portion of our operations are conducted in the United Kingdom. As a result, we are subject to legal, economic and market risks associated with operating in a foreign country, including devaluations and fluctuations in currency exchange rates.

In addition, operating outside the United States may present risks that are different from, or greater than, the risks we face doing comparable business in the United States. These include, among others, risk relating to:

- difficulties in staffing and managing foreign operations, including the coordination of our communications and logistics across geographic distances and multiple time zones, including during times of crisis management;
- less flexible employee relationships, which may limit our ability to prohibit employees from competing with us after their employment, and may make it more difficult and expensive to terminate their employment;
- political and economic instability (including acts of terrorism and outbreaks of war);

- adverse trade policies and adverse changes to any of the policies of the United States or any of the foreign jurisdictions in which we operate;
- adverse changes in tax rates or discriminatory or confiscatory taxation in foreign jurisdictions; and
- governmental restrictions on the transfer of funds to us from our operations outside the United States.

If any of these developments occur, our results of operations and financial condition could be adversely affected.

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. 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.

In many jurisdictions, the Company is subject to laws and regulations relating to the collection, use, retention, disclosure, security and transfer of personal information and confidential, sensitive or proprietary data. Privacy laws and regulations are continuously changing and often are inconsistent among the states 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. These initiatives 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.

We are currently controlled by Apax and, following the consummation of the Transactions, will be controlled by the Sponsors, and their interests may potentially differ in certain material respects from your interests.

After giving effect to the Transactions, by reason of their direct and indirect majority ownership interest in Parent, GTCR and Apax will each have the ability to designate 3 managers of GTCR (AP) Acquisitions LLC, a Delaware limited liability company ("Parent GP") formed by the Sponsors as the general partner of Parent. As a result, the Sponsors will have the ability to designate a majority of the board of managers of Parent GP. Consequently, the Sponsors have the power to control our affairs and policies, including 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 Sponsors 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, the Credit Agreement and the Existing Indenture, 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, and as a result of which such acquisition opportunity may not be available to us. 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 Jim Henderson, our Chief Executive Officer and Chairman of the Board of Directors, and Tom Riley, our Chief Operating Officer, President and a Director, other members of the senior management team and other key producers. 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 and marketing and other objectives, disrupt our client relationships, and have a corresponding negative effect on our results of operations 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. There may be a higher risk of departure by members of our management team or producers as a result of the Transactions. If we fail to recruit and retain top producers, our organic revenue growth, revenue, results of operations, 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 of time following employment. In the past, some 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. For example, we hired certain producers and support staff in 2016 who were formerly employed by a competing agency. The competing agency filed a lawsuit against us, claiming certain violations of post-employment restrictive covenants of those former producers. On February 28, 2017, we entered into a settlement agreement and paid $20.0 million to the competing agency to secure, among other things, the release of the post-employment restrictive covenants for such producers.

The cost associated with this type of 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 insurance brokerages.

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 and communication 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 brokerages, or if one of our brokerages were to report inaccurate financial information, we may not become aware of the occurrence in a timely manner, which 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.

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, 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.

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 U.S. 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 revenues and expenses during each reporting period. We periodically evaluate our estimates and assumptions including, but not limited to, those relating to commissions and fees, contingent revenue, recoverability of assets including customer and carrier receivables, contingencies including earn-out consideration payable, share-based payments, the measurement of fair value of derivative financial instruments, the measurement of self-insured liabilities, restructuring, income taxes and litigation. We base our estimates on historical experience and various assumptions that we believe to be reasonable based on specific circumstances. Actual results could differ from these estimates, which could materially affect our consolidated statements of income, 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.”

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, and 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. Those providers also include providers of human resource functions such as recruiters and trainers employed by us in connection with our human resources business processing services delivered to our clients. 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 in order to maintain the technological infrastructure capable of supporting our growing operations and acquired businesses. 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 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 of clients occurring during any period that we are unable to provide services. 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.

We are subject to risks relating to the captive insurance business of Meritage.

As part of our acquisition of Keenan & Associates (“Keenan”) in March 2017, we acquired Meritage Insurance Group, Inc., a wholly-owned subsidiary of Keenan (“Meritage”), which was formed under the captive insurance company laws of the State of Hawaii. Although Meritage’s captive insurance business constitutes a relatively immaterial part of our business, our financial condition and results of operations could be adversely affected if we suffer significant losses under Meritage’s captive insurance business that materially exceed the reserves established for such losses. We maintain reserves as an estimate of our liability under insurance policies issued by Meritage. While we believe these reserves are adequate and above compliance levels required by the State of Hawaii, new information, events or circumstances, unknown at the original valuation date, may lead to Meritage’s ultimate losses being significantly greater or less than the reserves. There are many factors that could cause the amount of reserves to be insufficient to cover the related losses, including changes in claim severity, changes in the expected level of reported claims, judicial action changing the scope and/or liability of coverage, changes in the legislative, regulatory, social and economic environment and unexpected changes in loss inflation, none of which are within our control. If Meritage's ultimate losses are significantly greater than its reserves, our financial condition and results of operations could be materially and adversely affected.

The recently passed Tax Cuts and Jobs Act may have an adverse effect on us, and such effect may be material.

On December 22, 2017, the legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act") was signed into law. The Tax Act includes a broad range of changes affecting business, including (1) a reduction of the corporate income tax rate from 35% to 21%, (2) a one-time transition tax related to the transition of U.S. international tax from a worldwide tax system to a territorial tax system, (3) introduction of a new income inclusion regime for global intangible low-taxed income and (4) additional limitations on the deduction of interest. There is still uncertainty as to application of the Tax Act, including as it relates to state income taxes. As a result, we have not yet been able to determine the full impact of the Tax Act on our business, operating results and financial condition. It is possible that the Act, or interpretations under it, could have an adverse effect on us, and such effect could be material.

Risks Related to the Acquisition

We cannot assure you that our actual interest expense will not be materially higher than pro forma cash interest expense as presented in this offering memorandum.

In calculating our cash interest expense for purposes of the unaudited *pro forma* consolidated financial data presented in this offering memorandum, we have made certain assumptions with respect to the interest rates that would apply to the debt we will incur at the closing of the Transactions. These adjustments are set forth in "Unaudited Pro Forma Consolidated Financial Information." The actual interest rates on the debt we will incur at the closing of the Transactions may differ materially from the assumed interest rates we have used in preparing the unaudited *pro forma* consolidated financial information.

We may be unable to achieve some or all of the operational cost improvements and other benefits that we expect to realize as a result of the initiatives that we undertake.

We believe that, after giving effect to the Transactions, we will be able to, among other matters, better focus our financial and operational resources on our business, growth profile and strategic priorities, design and implement corporate strategies and policies targeted to our operational focus and strategic priorities, streamline our processes and infrastructure to focus on core strengths, implement and maintain a capital structure designed to meet our specific needs and more effectively respond to industry dynamics. However, we may not be able to realize all of the cost savings we expect to achieve. We have estimated that we will be able to achieve additional annual cost savings by pursuing a number of operational cost improvements identified during diligence. We cannot assure you that we will be able to successfully realize the expected benefits of these initiatives or that the costs to achieve these cost savings will not be higher than anticipated. A variety of risks could cause us not to realize some or all of the expected benefits. These risks include, among others, delays in the anticipated timing of activities related to such initiatives, lack of sustainability in cost savings over time and unexpected costs associated with operating our business. Our ability to successfully manage organizational changes is important for our future business success.

Moreover, our implementation of these initiatives may disrupt our operations and performance. Our estimated cost savings from these initiatives are based on several assumptions that may prove to be inaccurate and, as a result, we cannot assure you that we will realize these cost savings. If, for any reason, the benefits we realize are less than our estimates, or our improvement initiatives adversely affect our operations or cost more or take longer to implement than we project, or if our assumptions prove inaccurate, our business, financial condition and results of operations may be materially adversely affected. These actions may not provide the expected benefits and could lead to disruption of our operations, loss of or inability to recruit key personnel, decline in employee productivity, weakening of internal standards, controls or procedures and impairment of key customer and supplier relationships.

The unaudited pro forma consolidated financial data presented herein is not intended to reflect what our actual results of operations and financial condition would have been had the Transactions actually occurred at the times presented therein, and therefore these results may not be indicative of our future operating performance.

The unaudited *pro forma* consolidated financial data presented herein is for illustrative purposes only and is not intended, and does not purport, to represent what our actual results or financial condition would have been if the Transactions had occurred on the relevant dates. In addition, the unaudited *pro forma* consolidated financial data is based in part on certain assumptions regarding the Transactions that we believe are reasonable. These assumptions, however, are only preliminary and will be finalized after the Transactions are completed. The unaudited *pro forma* consolidated financial data has been prepared using the acquisition method of accounting with respect to the Acquisition. Under the acquisition method of accounting, the acquisition date fair value of the consideration transferred will be allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market values, with any excess purchase price allocated to goodwill. The purchase price allocation utilized in preparing the unaudited *pro forma* consolidated financial data was based on estimates of the fair market value of our tangible and intangible assets and liabilities, as described further in the notes to our unaudited *pro forma* consolidated financial data. In arriving at the estimated fair values, we have considered the preliminary appraisals of independent consultants, which were based on a preliminary and limited review of the assets and liabilities to be acquired in the Acquisition. The purchase price allocation is expected to be completed after considering the fair market value of assets and liabilities at the level of detail necessary to finalize the purchase price allocation. The final purchase price allocation will be based, in part, on third-party appraisals and may be different than that reflected in the *pro forma* purchase price allocation presented herein, and any such differences may be material. See “Unaudited Pro Forma Consolidated Financial Data.”

Risks Related to the Notes and our Indebtedness

Our substantial leverage and significant debt service obligations could adversely affect our financial condition and our ability to fulfill our obligations and operate our business.

We have, and after consummation of the Transactions will continue to have, a significant amount of indebtedness. As of December 31, 2018, after giving *pro forma* effect to the Transactions, we had approximately $1,722 million aggregate principal amount of term loan borrowings outstanding under the term loan facility and no revolving loans outstanding under our revolving credit facility, with $267.5 million of availability thereunder (without giving effect to $0.9 million in outstanding letters of credit). We may borrow under the existing revolving credit facility to fund acquisitions currently pending under signed letters of intent. We may draw amounts under our new revolving credit facility on the Acquisition Closing Date to (i) refinance or rollover any outstanding loans under the revolving credit facility, (ii) backstop or rollover any issued and outstanding letters of credit under the revolving credit facility, (iii) finance any original issue discount to be paid on the Acquisition Closing Date in connection with the notes offered hereby or (iv) finance a portion of the Transactions and/or for working capital on the Acquisition Closing Date in an amount up to $20 million. In addition, we intend to borrow under our $250 million delayed draw term loan facility to fund acquisitions (including acquisitions currently pending under signed letters of intent) and for other general corporate purposes. We do not expect to incur any borrowings under the delayed draw term loan facility on the Acquisition Closing Date if the delayed draw term loan facility is obtained on the Acquisition Closing Date.

This high level of indebtedness could have important negative consequences to us, including, but not limited to:

- we may have difficulty satisfying our obligations with respect to outstanding debt obligations;

- we may have difficulty obtaining financing in the future for working capital, acquisitions, capital expenditures or other purposes;
- we may need to use all, or a substantial portion, of our available excess cash flow to pay interest and principal on our debt, which will reduce the amount of money available to finance our operations and other business activities, including, but not limited to, working capital requirements, acquisitions, capital expenditures or other general corporate or business activities;
- our debt level increases our vulnerability to general economic downturns and adverse industry conditions;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- some of our debt has variable rates of interest, and to the extent such debt is not swapped at a fixed rate, we are exposed to the risk of increased interest rates;
- our debt level could limit our flexibility in planning for, or reacting to, changes in our business and in our industry in general;
- our substantial amount of debt and the amount we must pay to service our debt obligations could place us at a competitive disadvantage compared to our competitors that have less debt;
- our clients or insurance carriers may react adversely to our significant debt level; and
- our failure to comply with the financial and other restrictive covenants in our debt instruments which, among other things, require us to maintain specified financial ratios and limit our ability to incur debt and sell assets, could result in an event of default that, if not cured or waived, could have a material adverse effect on our business or prospects.

Our ability to meet expenses, to remain in compliance with our covenants under our debt instruments and to make future principal and interest payments in respect of our indebtedness depends on, among other things, our operating performance, competitive developments and financial market conditions, all of which are significantly affected by financial, business, economic and other factors. We are not able to control many of these factors. Our cash flows may not be sufficient to allow us to pay principal and interest on our indebtedness, including the notes, and meet our other obligations.

We may be unable to generate sufficient cash flow to service all of our indebtedness and meet our other ongoing liquidity needs, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may be unsuccessful.

Our ability to make scheduled payments or to refinance our debt obligations and to fund our planned acquisitions, capital expenditures and other ongoing liquidity needs depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, legislative, legal, regulatory and other factors beyond our control. We cannot guarantee that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our existing debt instruments or otherwise in an amount sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity. We may be unable to refinance any of our debt on commercially reasonable terms or at all and, even if successful, such refinancing may not allow us to meet our scheduled debt service obligations.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures or acquisitions, seek additional capital or seek to restructure or refinance our indebtedness. Additionally, we may not be able to obtain loans or other debt financings on commercially reasonable terms or at all. Even if successful, these alternative measures may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service and other obligations. The Credit Agreement and Existing Indenture restrict, and the Indenture will restrict, our ability to dispose of assets and use the proceeds therefrom to be used to repay other indebtedness when it becomes due. We may be unable to consummate those asset sales to raise capital or sell assets at prices that we believe are fair, and the proceeds that we do receive may be inadequate to meet any debt service obligations when due. See “Description of Certain Other Indebtedness” and “Description of Notes.”

Additionally, if we cannot make scheduled payments on our debt, we will be in default and holders of the notes and Existing Notes could declare all outstanding principal and interest to be due and payable, the lenders under the senior secured credit facilities could terminate their commitments to loan additional money to us, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. All of these events could result in your losing all or a part of your investment in the notes.

In addition, we conduct our operations through our subsidiaries. Accordingly, repayment of our indebtedness is dependent on the generation of cash flows by our subsidiaries and their ability to make such cash available to us by dividend, debt repayment or otherwise. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. Except for subsidiaries that are or become guarantors, our subsidiaries will not have any obligation to pay amounts due on the notes or our other indebtedness or to make funds available for that purpose. The agreements governing the current and future indebtedness of our subsidiaries may not permit our subsidiaries to provide us with sufficient dividends, distributions or loans to fund scheduled interest and principal payments on these notes when due. The Credit Agreement and Existing Indenture restrict, and the Indenture will restrict, the ability of our subsidiaries to pay dividends and otherwise transfer assets to us. In the event that we do not receive distributions from our subsidiaries in order to make the required principal and interest payments on our indebtedness, including the notes, holders of our indebtedness could declare all outstanding principal and interest to be due and payable and you could lose all or a portion of your investment in the notes.

Despite our leverage after consummation of the Transactions, we and our subsidiaries may still be able to incur substantial additional debt. This could further exacerbate the risks that we and our subsidiaries face.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the Credit Agreement and Existing Indenture contain, and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred while still in compliance with these restrictions or following a waiver of these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. If new debt is added to our current debt levels, the related risks that we and our subsidiaries face could intensify.

The Credit Agreement and Existing Indenture contain, and the Indenture will contain, a number of restrictive covenants which will limit our ability to finance future operations, acquisitions or capital needs or engage in other business activities that may be in our interest.

The operating and financial covenants and restrictions in the Credit Agreement and Existing Indenture impose, and the Indenture will impose, operating and other restrictions on us and our subsidiaries. Such restrictions affect or will affect, and in many respects limit or prohibit, among other things, our ability and the ability of certain of our subsidiaries to:

- incur additional indebtedness;

- create or permit to exist certain liens;
- pay dividends and make other distributions in respect of our equity securities;
- redeem our equity securities;
- make certain investments or certain other restricted payments;
- transfer, lease or sell certain kinds of assets;
- prepay, redeem or repurchase certain subordinated indebtedness;
- designate restricted or unrestricted subsidiaries;
- enter into certain types of transactions with affiliates; and
- effect mergers or consolidations.

In addition, our revolving credit facility requires us to comply with a first-lien secured leverage ratio under specified circumstances. Our ability to comply with this ratio may be affected by events beyond our control.

The restrictions referred to above could (1) limit our ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans and (2) adversely affect our ability to finance our operations, acquisitions, investments or strategic alliances or other capital needs or to engage in other business activities that would be in our interest. A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under all or certain of our debt instruments. An event of default under the Credit Agreement would permit the lenders under the senior secured credit facilities to terminate all commitments to extend further credit under the senior secured credit facilities. If a default occurs, the applicable creditors of our secured debt could proceed against the collateral granted to them to secure such indebtedness, which constitutes substantially all of our domestic and foreign, wholly-owned subsidiaries' assets. In the event our lenders under the senior secured credit facilities or holders of the notes or Existing Notes accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

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 are at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. After giving effect to the Transactions, a one-eighth percent change in the weighted average interest rate associated with our senior secured credit facilities (assuming the revolving credit facility and the delayed draw term loan facility are undrawn) would result in a change in our annual interest expense of approximately $3.8 million. We have entered into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we have entered into may not fully mitigate our interest rate risk.

We will need to repay or refinance borrowings under our senior secured credit facilities and the Existing Notes prior to maturity of the notes. Failure to do so could have a material adverse effect upon us.

Under our senior secured credit facilities, the term loan facility will mature in October 2024 and the new revolving credit facility to be entered into on the Acquisition Closing Date will mature in April 2024, and our

Existing Notes will mature in August 2025. Consequently, prior to the maturity of the notes, we will need to repay, refinance, replace or otherwise extend the maturity of our senior secured credit facilities and the Existing Notes. Our ability to repay, refinance, replace or extend will be dependent on, among other things, business conditions, our financial performance and the general condition of the financial markets. If a financial disruption were to occur at the time that we are required to repay the Existing Notes or indebtedness outstanding under our senior secured credit facilities, we could be forced to undertake alternate financings, negotiate for an extension of the maturity of our Existing Notes or senior secured credit facilities or sell assets and delay capital expenditures in order to generate proceeds that could be used to repay the Existing Notes or indebtedness under our senior secured credit facilities. We cannot assure you that we will be able to consummate any such transaction on terms that are commercially reasonable, on terms acceptable to us or at all. Our failure to repay, refinance, replace or otherwise extend the maturity of our senior secured credit facilities or the Existing Notes could result in an event of default under the Credit Agreement and/or the Existing Indenture, which could lead to an acceleration or repayment of substantially all of our outstanding debt.

The notes will be effectively subordinated to our and our subsidiary guarantors' indebtedness under the senior secured credit facilities and any other secured indebtedness to the extent of the value of the property securing that indebtedness.

The notes will not be secured by any of our or our subsidiary guarantors' assets. As a result, the notes and the guarantees will be effectively subordinated to our and our subsidiary guarantors' indebtedness under the senior secured credit facilities and any other secured indebtedness with respect to the assets that secure that indebtedness, which constitute substantially all of our assets. As of December 31, 2018, after giving *pro forma* effect to the Transactions, we had approximately $1,722 million aggregate principal amount of term loan borrowings outstanding under the term loan facility and no revolving loans outstanding under our revolving credit facility, with $267.5 million of availability thereunder (without giving effect to $0.9 million in outstanding letters of credit). We may borrow under the existing revolving credit facility to fund acquisitions currently pending under signed letters of intent. We may draw amounts under our new revolving credit facility on the Acquisition Closing Date to (i) refinance or rollover any outstanding loans under the revolving credit facility, (ii) backstop or rollover any issued and outstanding letters of credit under the revolving credit facility, (iii) finance any original issue discount to be paid on the Acquisition Closing Date in connection with the notes offered hereby or (iv) finance a portion of the Transactions and/or for working capital on the Acquisition Closing Date in an amount up to $20 million. In addition, we intend to borrow under our $250 million delayed draw term loan facility to fund acquisitions (including acquisitions currently pending under signed letters of intent) and for other general corporate purposes. We do not expect to incur any borrowings under the delayed draw term loan facility on the Acquisition Closing Date if the delayed draw term loan facility is obtained on the Acquisition Closing Date. Subject to the limitations in the Credit Agreement, the Existing Indenture and the Indenture, we may incur additional secured debt in the future and such amounts may be significant. The effect of this subordination is that upon a default in payment on, or the acceleration of, any of our secured indebtedness, or in the event of bankruptcy, insolvency, liquidation, dissolution or reorganization of our company or the subsidiary guarantors, the proceeds from the sale of assets securing our secured indebtedness will be available to pay obligations on the notes only after all indebtedness under the senior secured credit facilities and that other secured debt has been paid in full. As a result, the holders of the notes may not be able to recover all or any of the principal or interest due under the notes and may receive less, ratably, than the holders of secured debt in the event of our or our subsidiary guarantors' bankruptcy, insolvency, liquidation, dissolution or reorganization.

Furthermore, if the holders of our secured debt foreclose upon and sell the pledged equity interests in any guarantor, then that guarantor will be released from its note guarantee automatically and immediately upon such sale. In any such event, because the notes will not be secured by any of our assets or the equity interests in the guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims in full. See "Description of Certain Other Indebtedness."

The notes will be structurally subordinated to all obligations of our existing and future subsidiaries that are not and do not become guarantors of the notes.

On the Issue Date immediately following the Issuer Merger, the notes will be guaranteed by each of our existing and future domestic wholly-owned subsidiaries that guarantee our senior secured credit facilities or that, in the future, guarantee certain capital markets debt securities, subject to certain exceptions. Except for such subsidiary guarantors of the notes, our subsidiaries, including all of our non-domestic subsidiaries, will have no obligation, contingent or otherwise, to pay amounts due under the notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. The notes and guarantees will be structurally subordinated to all indebtedness and other obligations of any non-guarantor subsidiary such that in the event of insolvency, liquidation, reorganization, dissolution or other winding up of any subsidiary that is not a guarantor, all of that subsidiary's creditors (including trade creditors) would be entitled to payment in full out of that subsidiary's assets before we would be entitled to any payment. The Indenture will, subject to some limitations, permit these subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

After giving *pro forma* effect to the Transactions, the non-guarantor subsidiaries would have accounted for an immaterial portion of our consolidated total revenues and consolidated income from operations, in each case, for year ended December 31, 2018. Excluding the effect of intercompany balances as well as intercompany transactions, after giving *pro forma* effect to the Transactions, the non-guarantor subsidiaries would have accounted for an immaterial portion of our consolidated total assets and consolidated total liabilities, in each case, as of December 31, 2018.

In addition, our subsidiaries that provide, or will provide, note guarantees will be automatically released from those note guarantees upon the occurrence of certain events, including the following:

- the designation of that subsidiary guarantor as an unrestricted subsidiary;
- the release or discharge of the guarantee by such subsidiary guarantor under the senior secured credit facilities or of any guarantee or indebtedness that resulted in the creation of the note guarantee of the notes by such subsidiary guarantor; or
- the sale or other disposition, including the sale of substantially all the assets, of that subsidiary guarantor.

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 without any action or consent by the holders of the notes, or the Trustee. If any note guarantee is released, no holder of the notes will have a claim as a creditor against that subsidiary, and the indebtedness and other liabilities, including trade payables and preferred stock, if any, whether secured or unsecured, of that subsidiary will be effectively senior to the claim of any holders of the notes. See "Description of Notes—Note Guarantees."

Some of the cash that appears on our balance sheet may not be available for use in our business or to meet our debt obligations.

As an insurance broker, we collect premiums paid by clients and hold such cash, net of our earned commissions and other deductions, in trust in a fiduciary capacity until we remit the cash to the applicable insurance carriers that provide coverage to our clients. Our use of trust cash is restricted by contractual obligations and by law in certain states in which we operate. Such trust cash is shown on our balance sheet under the caption "Trust cash." In addition, we also have restricted cash that may be reserved for a specific purpose and therefore not available for immediate or general business use, which is shown in our balance sheet under the caption "Restricted cash." Therefore, the amount of cash that appears on our balance sheet may overstate the amount of liquidity we have available to meet our business or debt obligations, including obligations under the notes.

We may not be able to finance a change of control offer as required by the Indenture.

Under Indenture, upon the occurrence of a change of control, we will be required to offer to repurchase all of the notes then outstanding at 101% of the principal amount, plus any accrued and unpaid interest to, but not including, the repurchase date. We may not be able to repurchase the notes upon a change of control because we may not have sufficient financial resources to purchase all of the notes that would be tendered upon such event. Our failure to repurchase the notes upon a change of control would cause a default under the Indenture and a cross-default under the Credit Agreement and Existing Indenture. The Credit Agreement also provides that a change of control will be a default that permits lenders to accelerate the maturity of borrowings thereunder. Any of our future debt agreements may contain similar provisions. We cannot assure you that we will have the financial resources available or that we will be permitted by our debt instruments to fulfill these obligations upon the occurrence of a change of control in the future. We may require additional financing from third parties to fund any such purchases, and we may be unable to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the notes may be limited by law. In order to avoid the obligations to repurchase the notes, and events of default and potential breaches of the senior secured credit facilities, we may have to avoid certain change of control transactions that would otherwise be beneficial to us.

The change of control provisions in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

Subject to certain limitations in the Indenture, certain important corporate events, such as leveraged recapitalizations, may not, under the Indenture, constitute a "change of control" that would require us to repurchase the notes, even though those corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the notes. In addition, the occurrence of certain events that might otherwise constitute a "change of control" under the Indenture will not be deemed to be a "change of control" if (A) our consolidated leverage ratio is less than a certain specified level and (B) certain specified credit ratings from Moody's and S&P are achieved. See "Description of Notes—Repurchase at the Option of Holders—Change of Control" and "Description of Notes—Certain Definitions—Permitted Change of Control."

Holders of the notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased has occurred following a sale of "substantially all" of our assets.

One of the circumstances under which a change of control may occur is upon the sale or disposition of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law and the interpretation of that phrase will likely depend upon particular facts and circumstances. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale of less than all our assets to another person may be uncertain.

The note guarantees may not be enforceable because of fraudulent 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 note guarantees) may be subject to review under U.S. federal bankruptcy law or relevant state fraudulent conveyance laws if a bankruptcy case or lawsuit is commenced by or on behalf of the guarantors or their unpaid creditors. Under these laws, if in such a case or lawsuit a court were to find that, at the time such guarantor incurred a guarantee of the notes, such guarantor:

- incurred the guarantee of the notes with the intent of hindering, delaying or defrauding current or future creditors,

- received less than reasonably equivalent value or fair consideration for incurring the note guarantee,

- was insolvent or was rendered insolvent,
- 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 avoid 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.

A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration for its note guarantee if the guarantor did not substantially benefit directly or indirectly from the issuance of the notes. Thus, it may be asserted (and a court may consequently determine) that the guarantors incurred their note guarantees for the issuer'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.

The measure of insolvency for purposes of the foregoing considerations will vary depending upon 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 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 liabilities) as they become absolute and matured; or
- it could not pay its debts as they became due.

In addition, any payment by any issuer pursuant to the notes or by a guarantor under a note guarantee made at a time such issuer or guarantor were found to be insolvent could be voided and required to be returned to such issuer or such guarantor or to a fund for the benefit of such issuer's or such guarantor's creditors if such payment is made to an insider within a one-year period prior to a bankruptcy filing or within 90 days for any outside party and such payment would give such insider or outsider party more than such party would have received in a distribution under the Bankruptcy Code in a hypothetical Chapter 7 case.

We cannot assure you as to what standard a court would apply in determining whether the issuers or the guarantors were solvent at the relevant time or that a court would agree with our conclusions in this regard, or, regardless of the standard that a court uses, that it would not determine that an issuer or a guarantor were indeed insolvent on that date; that any payments to the holders of the notes (including under the note guarantees) did not constitute preferences, fraudulent transfers or conveyances on other grounds; or that the issuance of the notes and the note guarantees would not be subordinated to any issuer's or any guarantor's other debt.

If a note guarantee is avoided as a fraudulent conveyance or found to be unenforceable for any reason, you will not have a claim against that obligor and will only be a creditor of the issuers or any guarantor to the extent the issuers' or such guarantor's obligation is not set aside or found to be unenforceable. Sufficient funds to repay the notes may not be available from these other sources, including the remaining obligors, if any; accordingly, in the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes. 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. This provision may not be effective to protect the note guarantees from being avoided under applicable fraudulent transfer laws or may reduce the guarantor's obligation to an amount that effectively makes the note guarantee worthless. In a Florida bankruptcy court decision (which was subsequently reinstated by the United States Court of Appeals for the Eleventh Circuit on different grounds), this kind of provision was found to be ineffective to protect the guarantees.

Finally, as a court of equity, a bankruptcy court may subordinate the claims in respect of the notes or note guarantees to other claims against the issuers or the guarantors, respectively, under the principle of equitable subordination if the court determines that (a) the holder of notes engaged in some type of inequitable conduct, (b) the inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holders of notes and (c) equitable subordination is not inconsistent with the provisions of the Bankruptcy Code.

Because each guarantor's liability under its guarantee may be reduced to zero or avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors.

It is anticipated that the notes will have the benefit of the guarantees of certain of our subsidiaries. However, the guarantees will be limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. As a result, a guarantor's liability under a guarantee could be reduced to zero depending on the limitations and other requirements of applicable law and/or the amount of other obligations of such entity. Further, under certain circumstances, a court under applicable fraudulent conveyance and transfer statutes or other applicable laws could void the obligations under a guarantee, or subordinate the guarantee to other obligations of the guarantor. In addition, you will lose the benefit of a particular guarantee if it is released under certain circumstances described under "Description of Notes—Note Guarantees."

As a result, an entity's liability under its guarantee, could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee granted by a company that is not in the company's corporate interests or where the burden of that guarantee exceeds the benefit to the company may not be valid and enforceable. It is possible that a creditor of an entity or the insolvency administrator in the case of an insolvency of an entity may contest the validity and enforceability of the guarantee and that the applicable court may determine that the guarantee should be limited or voided.

There are restrictions on your ability to transfer or resell the notes. In addition, holders of the notes will not be entitled to registration rights, and we do not currently intend to register the notes under applicable securities laws.

The notes are being offered and sold in transactions exempt from, or not subject to, registration under the Securities Act and applicable state securities laws. Therefore, you may transfer or resell the notes in the United States only in a transaction registered under or exempt from the registration requirements (other than pursuant to Rule 144) of the Securities Act and applicable state securities laws. By purchasing the notes, you will be deemed to have made certain acknowledgements, representations and agreements as set forth under "Notice to Investors."

We do not currently intend to register the notes or the note guarantees. The holders of the notes will not be entitled to require us to register the notes for resale or otherwise. Holders of notes may be required to bear the risk of their investment in the notes for an indefinite period of time.

You should be aware that this offering memorandum does not include pro forma or historical financial information regarding certain companies and businesses we have acquired or have entered into binding agreements to acquire.

As part of our growth strategy, we have acquired a number of companies and businesses and have entered into signed letters of intent to acquire 12 additional businesses (such companies and businesses, collectively, "the acquired companies"). While we are not subject to the reporting requirements under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we evaluated the significance of the acquired businesses under Article 11 and Rule 3-05 of Regulation S-X.

Under the rules governing the inclusion of *pro forma* and historical financial statements in a registration statement and prospectus for a registered offering of securities, a business acquired or to be acquired is considered significant if it exceeds the 20% level under at least one of three tests related to (1) the issuer's investment in the business to be acquired as a percentage of its consolidated total assets, (2) the issuer's proportionate share of total assets of the business to be acquired as a percentage of its consolidated total assets and (3) the consolidated equity in income from continuing operations before income taxes of the business to be acquired as a percentage of such income of the issuer (the "pre-tax income test").

Under the SEC rules, audited historical financial statements of an acquired business for up to three fiscal years and any interim period are required to be included in a registration statement and prospectus for a registered offering of securities if any of the three tests is triggered at a level above 20%, as well as unaudited *pro forma* financial statements of the acquirer, giving effect to the acquisition, for the most recent fiscal year and any interim period. In addition, even if none of the three tests are triggered at a level above 20%, if the aggregate of insignificant acquisitions for any of the three tests exceeds 50%, such audited historical and unaudited *pro forma* financial statements will be required with respect to the mathematical majority of such insignificant acquisitions. In this offering memorandum however, we have not included any historical financial statements for the acquired business triggering the pre-tax income test above the 20% level or any of the insignificant acquisitions constituting a mathematical majority, and no *pro forma* financial information giving effect to such acquired business or significant acquisitions is available. You should keep these limitations in mind as you review the consolidated financial statements, the unaudited *pro forma* consolidated financial data and other information included in this offering memorandum.

The unaudited *pro forma* consolidated financial data does not include *pro forma* or historical financial data regarding certain companies and businesses we have acquired or have entered into binding agreements to acquire that would have been required if this offering was made pursuant to a registration statement filed with the SEC. The unaudited *pro forma* consolidated financial data should be read in conjunction with the accompanying notes.

We cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there has been no public market for the notes, and there can be no assurance that any such market will develop. We do not intend to list the notes on any national securities exchange or for inclusion of the notes on any automatic quotation system. We have been advised by the initial purchasers that following the completion of this offering, the initial purchasers currently intend to make a market in the notes. However, the initial purchasers are not obligated to do so and, even if they do, they may discontinue market-making activities at any time. If no active trading market develops, you may not be able to resell your notes at their fair market value or at all. If a market were to develop, the notes could trade at prices that are lower than the initial offering price depending on many factors, including prevailing interest rates, general economic conditions and our financial condition, performance and prospects.

We will not be subject to the Sarbanes-Oxley Act of 2002.

Since we will not register the notes under the Securities Act after the offering, we will not be subject to the Sarbanes-Oxley Act of 2002, which requires public companies to have and maintain effective disclosure controls and procedures to ensure timely disclosure of material information, and have management review the effectiveness of those controls on a quarterly basis. That Act also requires public companies to have and maintain effective internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements, and have management review the effectiveness of those controls on an annual basis (and have the independent auditor attest to the effectiveness of such internal controls). We will not be required to comply with these requirements and therefore we will not have comparable procedures in place as compared to public companies.

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 this offering of the notes with the SEC. In particular, this offering memorandum does not contain certain executive compensation information that would be required in a registered offering and adjusts financial measures that do not comply with GAAP in a manner that may not be permitted in an SEC filing. See "Non-GAAP Financial Measures." We urge you to consider this factor in connection with your evaluation of your investment in the notes.

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 in calculating Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions and Acquisition Adjusted EBITDA with respect to the companies and businesses recently acquired or to be acquired was prepared by the entities acquired or to be acquired pursuant to applicable accounting principles for such entities, which may differ from GAAP, and include results for the entities acquired or to be acquired prior to our ownership and control of such entities. 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 entities we have acquired or will acquire 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 Historical Consolidated and Unaudited Pro Forma Consolidated Financial Data."

Ratings of the notes and other factors may affect the market price and marketability of the notes.

We currently expect that, upon issuance, the notes will be rated by Moody's and S&P. Such ratings will be limited in scope, and will not address all material risks relating to an investment in the notes, but rather will reflect only the view of each rating agency at the time it issues the rating. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such credit ratings will be issued or remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with the application of the proceeds of this offering or in connection with future events, such as future acquisitions. Holders of the notes will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the notes. In addition, the condition of the financial markets and other factors may affect the market price or marketability of the notes.

Many of the covenants in the Indenture will not apply during any period in which the notes are rated investment grade by any two of Moody's, Fitch and S&P.

Many of the covenants in the Indenture will not apply during any period in which the notes are rated investment grade by any two of Moody's, Fitch and S&P and no default with respect to the notes has occurred and is continuing. Such covenants restrict, among other things, our ability to pay distributions, incur debt and enter into certain other transactions. Although there can be no assurance that the notes will ever be rated investment grade, any suspension of such covenants under the Indenture would allow us to engage in certain transactions that would not be permitted when such covenants were in force. Any covenants that cease to apply as a result of the notes achieving an investment grade rating will be reinstated if the credit rating assigned to the notes later falls below an investment grade rating. See "Description of Notes—Certain Covenants—Effectiveness of Covenants."

The notes may be issued with OID for U.S. federal income tax purposes.

If the stated principal amount of the notes exceeds their "issue price" (as defined in "Certain U.S. Federal Income Tax Considerations") by a threshold greater than a statutorily defined *de minimis* amount, the notes will be treated as issued with OID for U.S. federal income tax purposes in an amount equal to such excess. If the notes are issued with OID, a U.S. Holder generally will be required to include the OID in gross income (as ordinary income) as the OID accrues on a constant yield to maturity basis (in advance of the receipt of cash payments attributable to the OID), regardless of such holder's regular method of accounting for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations."

THE TRANSACTIONS

The Acquisition

On February 20, 2019, Parent, Merger Sub, TopCo and the Seller entered into the Acquisition Agreement, pursuant to which, among other things, Parent will acquire TopCo for approximately $2,762 million.

We expect that the following transactions will occur in connection with the Acquisition:

- investment funds affiliated with GTCR, Apax and certain of the Co-Investors will make the common equity contributions to Parent, which will thereafter contribute such equity contributions to Merger Sub (which aggregate equity contributions are currently estimated to be approximately $1,794 million);

- substantially concurrently with the effective time of the Acquisition, certain members of AssuredPartners' management, including certain members of management of companies and businesses recently acquired by AssuredPartners who have purchased equity units in Parent, will make the common equity rollover contributions to Parent;

- the Initial Issuer will issue $475.0 million aggregate principal amount of the notes offered hereby;

- immediately prior to the effective time of the Acquisition, the Issuer Merger will occur and AssuredPartners will assume the obligations of the Initial Issuer under the notes and the Indenture;

- at the effective time of the Acquisition, the Acquisition will be consummated and Merger Sub will merge with and into TopCo, with TopCo surviving the merger;

- immediately follow the effective time of the Acquisition, TopCo expects to issue and sell the preferred equity;

- on the Acquisition Closing Date, we will amend the Credit Agreement to, among other things, terminate the existing revolving credit facility and enter into a new revolving credit facility;

- substantially concurrently with the effective time of the Acquisition, in connection with the amendments to the Credit Agreement, we will repay all outstanding borrowings under our revolving credit facility with cash on hand and a portion of the proceeds from this notes offering, the preferred equity, the common equity contributions and the common equity rollover contributions (as described under "Use of Proceeds");

- substantially concurrently with the effective time of the Acquisition, we will pay the Seller the merger consideration with cash on hand and a portion of the proceeds from this notes offering, the preferred equity, the common equity contributions and the common equity rollover contributions;

- on or after the Acquisition Closing Date, we will amend the Credit Agreement to obtain a senior secured delayed draw term loan facility in an aggregate principal amount of $250 million pursuant to the delayed draw term loan commitment; and

- we expect to pay approximately $81 million of fees and expenses related to the foregoing, including placement and other financing fees (including discounts payable to the initial purchasers in connection with the issuance of the notes offered hereby).

The closing of the Acquisition is subject to customary closing conditions, including (i) the waiting period applicable to the consummation of the Acquisition under the Hart-Scott-Rodino, Antitrust Improvements

Act, as amended, shall have expired or early termination shall have been granted, which early termination was received on March 11, 2019, (ii) approval by the U.K. Financial Conduct Authority of Parent and any other relevant Person who will, by virtue of the Acquisition, acquire control of AssuredPartners London Limited, a wholly-owned indirect subsidiary of AssuredPartners, which approval was received on April 17, 2019, and (iii) no order, injunction, judgment, decree, ruling, writ, assessment or arbitration award by a governmental authority of competent jurisdiction restraining, enjoining, or otherwise prohibiting the consummation of the Transactions.

The Acquisition Agreement contains customary representations and warranties and covenants. Neither the representations and warranties made by the Seller or TopCo in the Acquisition Agreement, nor the performance of the covenants of TopCo and the Seller in the Acquisition Agreement (subject to limited exception), survive the consummation of the Acquisition and the Acquisition Agreement does not provide for any post-closing indemnification from the Seller for any breaches of the Seller's or TopCo's representations and warranties and covenants.

The Acquisition Agreement may be terminated by the parties for various reasons, including if the Acquisition is not consummated on or prior to the Termination Date (subject to certain limitations and conditions).

Credit Agreement Amendment

In connection with the consummation of the Transactions, (i) on the Acquisition Closing Date, we will amend the Credit Agreement to, among other things, terminate the existing revolving credit facility and enter into a new revolving credit facility and (ii) on or after the Acquisition Closing Date, we will amend the Credit Agreement to obtain the delayed draw term loan facility under the incremental facility provisions of the Credit Agreement pursuant to the delayed draw term loan commitment. We intend to use the proceeds of borrowings under the delayed draw term loan facility to fund acquisitions (including for acquisitions pending under signed letters of intent). We do not expect to incur any borrowings under the delayed draw term loan facility on the Acquisition Closing Date if the delayed draw term loan facility is obtained on the Acquisition Closing Date. See "Description of Certain Other Indebtedness."

For a detailed discussion of the expected sources and uses of funds for the Transactions, see "Use of Proceeds."

USE OF PROCEEDS

The following summarizes the estimated sources and uses of funds in connection with the Transactions. The amounts set forth in the table and the accompanying footnotes will vary from actual amounts on the Acquisition Closing Date depending on several factors, including our estimate of purchase price adjustments, working capital and fees and expenses. The proceeds from the sale of the notes offered hereby will be used to fund a portion of the Transactions as set forth below. See "The Transactions."

You should read the following together with the information included under the headings "The Transactions" and "Unaudited Pro Forma Consolidated Financial Data" included elsewhere in this offering memorandum.

($ in millions)

Sources	Amount	Uses	Amount
Cash and cash equivalents[1]	$ 32	Purchase price[5]	$2,762
Notes offered hereby[2]	475	Repayment of revolving credit facility[6]	193
Equity contributions[3]	1,954	Estimated fees & expenses[7]	81
Equity rollover contributions[4]	575		
Total Sources	$3,036	**Total Uses**	$3,036

(1) Represents the expected use of cash and cash equivalents to finance the Transactions, which includes $19 million of cash at TopCo.

(2) Represents the aggregate principal amount of the notes offered hereby.

(3) Represents expected common equity contributions from GTCR, Apax and certain of the Co-Investors and the proceeds from the sale of the preferred equity issued and sold by TopCo. The amount of the common equity contributions from GTCR, Apax and certain of the Co-Investors may (i) decrease if GTCR does not require the full amount to fund payments required in connection with the Transactions; (ii) increase if estimated fees and expenses associated with the Transactions are greater than expected or (iii) increase or decrease depending on whether common equity rollover contributions are lower or higher than expected. See "The Transactions," "Use of Proceeds" and "Certain Relationships and Related Party Transactions—Preferred Equity Documentation."

(4) Represents the expected common equity rollover contributions from certain members of AssuredPartners' management, including certain members of management of companies and businesses recently acquired by AssuredPartners who have purchased equity units in Parent. The amount of the common equity rollover contributions from certain members of management may change, in which case the common equity contributions from GTCR, Apax and certain of the Co-Investors will change accordingly to account for any difference.

(5) Represents the estimated total consideration for all of the share capital of TopCo.

(6) In connection with the Transactions, on the Acquisition Closing Date, we will amend the Credit Agreement to, among other things, terminate the existing revolving credit facility and enter into a new revolving credit facility. We expect to use a portion of the proceeds from this notes offering, the preferred equity, the common equity contributions and the common equity rollover contributions, each as described under "The Transactions," together with cash on hand, to repay in full outstanding borrowings under the existing revolving credit facility. As of December 31, 2018, we had no outstanding borrowings under the existing revolving credit facility and approximately $267.5 million of additional borrowing capacity available under the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. As of April 25, 2019, we had $218.0 million of borrowings outstanding under the existing revolving credit facility and approximately $49.5 million of additional borrowing capacity available under

the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. We expect to repay $25.0 million of borrowings under the existing revolving credit facility on April 30, 2019. We may borrow under the existing revolving credit facility to fund acquisitions currently pending under signed letters of intent. We may draw amounts under our new revolving credit facility on the Acquisition Closing Date to (i) refinance or rollover any outstanding loans under the existing revolving credit facility, (ii) backstop or rollover any issued and outstanding letters of credit under the existing revolving credit facility, (iii) finance any original issue discount to be paid on the Acquisition Closing Date in connection with the notes offered hereby or (iv) finance a portion of the Transactions and/or for working capital on the Acquisition Closing Date in an amount up to $20 million. See "The Transactions," "Use of Proceeds" and "Description of Certain Other Indebtedness."

(7) Consists of our estimate of fees and expenses associated with the Transactions, including placement fees, initial purchaser discounts, underwriting and other financing fees, our estimate of any original issue discount, and other transaction costs for advisory and professional fees. All fees, expenses and other costs are estimates and actual amounts may differ from those set forth in this offering memorandum.

CAPITALIZATION

The following table sets forth (1) cash and cash equivalents and total capitalization as of December 31, 2018 on a historical basis and (2) cash and cash equivalents and total capitalization as of December 31, 2018 on an as adjusted basis to give *pro forma* effect to the Transactions as if they had occurred on December 31, 2018. Outstanding debt balances in the table below represent existing indebtedness at gross amounts prior to amortization (without giving effect to any discounts, fees or commissions). The information in this table should be read in conjunction with "Summary—Summary Historical Consolidated and Unaudited Pro Forma Consolidated Financial Data," "The Transactions," "Use of Proceeds," "Unaudited Pro Forma Consolidated Financial Data," "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, 2018	
	Actual	Pro Forma
	(in thousands)	
Cash and cash equivalents	$ 149,744	$ 310,744[1]
Revolving credit facility[2]	—	—
Delayed draw term loan facility[3]	—	—
Term loan facility[4]	1,721,936	1,721,936
Existing Notes[5]	500,000	500,000
Notes offered hereby[6]	—	475,000
Subordinated notes payable[7]	2,466	2,466
Capital lease obligations[8]	2,458	2,458
Total debt (including current portion)[9]	$2,226,860	$2,701,860
Total shareholders' equity	$ 808,927	$2,509,371
Total capitalization	$3,035,787	$5,211,231

(1) The presentation above does not reflect borrowings under our revolving credit facility that have occurred after December 31, 2018 and the repayment in full of such borrowings under the existing revolving credit facility. As of the Acquisition Closing Date, we estimate unrestricted cash and cash equivalents on our balance sheet to be approximately $150.7 million, which reflects unrestricted cash and cash equivalents as of March 31, 2019, as adjusted to give effect to cash generated from operations, borrowings under our revolving credit facility to finance acquisitions that occurred after December 31, 2018 (which we expect will be repaid in connection with the Transactions), uses of cash for expenses and other operational uses (including acquisitions) and uses of cash in connection with the Transactions.

(2) In connection with the Transactions, we will use a portion of the proceeds from this notes offering, together with cash on hand and proceeds from (i) the issuance and sale by TopCo of the preferred equity, (ii) the common equity contributions and (iii) the common equity rollover contributions, each as described under "The Transactions," to repay in full outstanding borrowings under the existing revolving credit facility. As of December 31, 2018, we had no outstanding borrowings under the existing revolving credit facility and approximately $267.5 million of additional borrowing capacity available under the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. As of April 25, 2019, we had $218.0 million of borrowings outstanding under the existing revolving credit facility and approximately $49.5 million of additional borrowing capacity available under the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. We expect to repay $25.0 million of borrowings under the existing revolving credit facility on April 30, 2019. We may borrow under the existing revolving credit facility to fund acquisitions currently pending under signed letters of intent. We may draw amounts under our new revolving credit facility on the Acquisition Closing Date to (i) refinance or rollover any outstanding loans under the existing revolving credit facility,

(ii) backstop or rollover any issued and outstanding letters of credit under the existing revolving credit facility, (iii) finance any original issue discount to be paid on the Acquisition Closing Date in connection with the notes offered hereby or (iv) finance a portion of the Transactions and/or for working capital on the Acquisition Closing Date in an amount up to $20 million. See "The Transactions," "Use of Proceeds" and "Description of Certain Other Indebtedness."

(3) In connection with the Transactions, on the Acquisition Closing Date we expect to obtain a senior secured delayed draw term loan facility in an aggregate principal amount of $250 million pursuant to the delayed draw term loan commitment. We do not expect to incur any borrowings under the delayed draw term loan facility on the Acquisition Closing Date if the delayed draw term loan facility is obtained on the Acquisition Closing Date. See "Description of Certain Other Indebtedness."

(4) As of the Acquisition Closing Date, we expect $1,717.0 million to be outstanding under our term loan facility, which reflects an amortization payment of principal of $4.9 million made on March 29, 2019.

(5) Reflects the aggregate principal amount outstanding, without giving effect to any amortization of original issue discount or other accounting adjustments.

(6) Represents the aggregate principal amount of the notes offered hereby.

(7) Represents subordinated notes payable issued in connection with certain acquisitions. These notes payable accrue interest which is payable in full together with the principal amount thereof at the applicable maturity dates. See "Description of Certain Other Indebtedness."

(8) We expect capital lease obligations to increase to approximately $2.96 million outstanding as of the Acquisition Closing Date.

(9) Reflects the aggregate principal amount outstanding, without giving effect to any amortization of original issue discount or other accounting adjustments.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The unaudited *pro forma* consolidated financial data has been derived from our audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this offering memorandum. The unaudited *pro forma* statement of operations has been adjusted to give effect to the Transactions as if they occurred on January 1, 2018. The unaudited *pro forma* consolidated balance sheet has been adjusted to give effect to the Transactions as if these events occurred as of December 31, 2018. The unaudited *pro forma* consolidated financial data does not include *pro forma* or historical financial data regarding certain companies and businesses we have acquired or have entered into binding agreements to acquire that would have been required if this offering was made pursuant to a registration statement filed with the SEC. It also does not reflect events occurring following December 31, 2018 and not relating to the Transactions.

The Acquisition will be accounted for as a business combination in accordance with ASC 805, which established a new basis of accounting for all identifiable assets acquired and liabilities assumed at fair value as of the date control is obtained. Under the acquisition method of accounting, the purchase price will be allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market value, with any excess purchase price allocated to goodwill. The *pro forma* purchase price allocation was based on estimates of the fair market value of the tangible and intangible assets and liabilities of AssuredPartners as described in the accompanying notes to the unaudited *pro forma* consolidated financial data. As of the date of this offering memorandum, the valuation studies necessary to determine the fair market value of the assets and liabilities to be acquired and the related allocations of purchase price are preliminary. A final determination of fair values will be based on the actual net tangible and intangible assets that existed as of the closing date of the Transactions. The final purchase price allocation will be based, in part, on third-party appraisals and may be different than that reflected in the *pro forma* purchase price allocation and any differences may be material.

The *pro forma* adjustments are based on the best information available and certain assumptions that management believes are reasonable under the circumstances. The assumptions underlying the *pro forma* adjustments are described in the accompanying notes. The unaudited *pro forma* consolidated financial data gives effect to adjustments that are (i) directly attributable to the Transactions, (ii) factually supportable and (iii) with respect to the statement of operations, expected to have a continuing impact on us. The unaudited *pro forma* consolidated statement of operations do not reflect any non-recurring charges directly related to the Transactions that have already been incurred by us or will be incurred upon closing of the Transactions. The unaudited *pro forma* consolidated financial data does not include *pro forma* or historical financial data regarding certain companies and businesses we have acquired or have entered into binding agreements to acquire that would have been required if this offering was made pursuant to a registration statement filed with the SEC. The unaudited *pro forma* consolidated financial data should be read in conjunction with the accompanying notes.

The unaudited *pro forma* consolidated financial data is for informational purposes only and does not purport to present what our results of operations and financial condition would have been had the Transactions actually occurred on the dates indicated, nor does it project our results of operations for any future period or our financial condition at any future date. The historical and *pro forma* results presented below are not necessarily indicative of what our financial position, results of operations and cash flows may be in the future. Assumptions underlying the *pro forma* adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited *pro forma* consolidated financial data.

The unaudited *pro forma* consolidated financial data reported below should be read in conjunction with the sections herein entitled “Risk Factors,” “The Transactions,” “Selected Historical Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as our audited consolidated financial statements and the accompanying notes included elsewhere in this offering memorandum.

Unaudited Pro Forma Consolidated Balance Sheet
As of December 31, 2018

(in thousands)	Historical	Pro Forma Adjustments		Pro Forma Combined
Assets				
Current assets				
Cash and cash equivalents	$ 149,744	$ 161,000	[A]	$ 310,744
Restricted cash	69,187	—		69,187
Trust cash	65,476	—		65,476
Fixed maturity securities at fair value, available-for-sale	24,049	—		24,049
Accounts receivable, net of allowance for doubtful accounts of $1,006 and $745, respectively	193,956	—		193,956
Other current assets	25,055	—		25,055
Total current assets	527,467	161,000		688,467
Fixed assets, net	26,905	—		26,905
Goodwill	1,900,731	928,131	[A],[B]	2,828,862
Amortizable intangible assets, net	1,134,613	1,217,571	[B]	2,352,184
Noncurrent assets, net	7,665	11,747	[C]	19,412
Total assets	**$3,597,381**	**$2,318,449**		**$5,915,830**
Liabilities and Equity				
Current liabilities				
Long-term debt, current portion	$ 13,915	$ (1,074)	[D]	$ 12,841
Earn-out payables, current portion	49,125	—		49,125
Accounts payable	217,427	—		217,427
Customer advances	33,458	—		33,458
Producer payables	27,357	—		27,357
Deferred revenue, current portion	34,554	(9,099)	[B]	25,455
Reserve for unpaid losses and loss adjustment expenses, current portion	6,019	—		6,019
Accrued expenses and other	79,841	—		79,841
Total current liabilities	461,696	(10,173)		451,523
Earn-out payables, noncurrent portion	41,468	—		41,468
Long-term debt, net	2,173,108	319,140	[A],[D]	2,492,248
Deferred revenue, noncurrent portion	35,446	3,761	[B]	39,207
Reserve for unpaid losses and loss adjustment expenses, noncurrent portion	18,372	—		18,372
Deferred income tax liabilities, net	44,133	305,277	[G]	349,410
Other liabilities	14,231	—		14,231
Total liabilities	**$2,788,454**	**$ 618,005**		**$3,406,459**
Commitments and contingencies				
Equity				
Capital contribution from the Parent, net	878,896	1,647,261	[A],[E]	2,526,157
Accumulated other comprehensive loss	(5,251)	5,251	[E]	—
Accumulated deficit	(64,718)	47,932	[C],[F],[G]	(16,786)
Total equity	**$ 808,927**	**$1,700,444**		**$2,509,371**
Total liabilities and equity	**$3,597,381**	**$2,318,449**		**$5,915,830**

See accompanying Notes to Unaudited Pro Forma Consolidated Financial Data
Amounts may not add due to rounding

Unaudited Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2018

(in thousands)	Historical	Pro Forma Adjustments		Pro Forma Combined
Revenues				
Commissions and fees	$ 993,685	$ —		$ 993,685
Contingent revenue	65,764	—		65,764
Total revenues	1,059,449	—		1,059,449
Expenses				
Compensation expense	609,563	—		609,563
Selling expense	19,830	—		19,830
Administrative expense	172,910	—		172,910
Transaction expense	2,187	—		2,187
Increase in estimated earn-out payables, net	27,751	—		27,751
Depreciation and amortization expense	86,901	70,628	[H]	157,529
Total operating expenses	919,142	70,628		989,770
Income from operations	140,307	(70,628)		69,679
Interest expense	(126,628)	(68,067)	[I],[J]	(194,695)
Accretion on fair value of earn-out payables, net	(10,440)	—		(10,440)
Other income	7,273	—		7,273
Income before provision for income taxes	10,512	(138,695)		(128,183)
Provision for income taxes	(4,983)	36,680	[K]	31,697
Net income	**$ 5,529**	**$(102,015)**		**$ (96,486)**

See accompanying Notes to Unaudited Pro Forma Consolidated Financial Data
Amounts may not add due to rounding

Notes to Unaudited Pro Forma Consolidated Financial Data

The *pro forma* consolidated financial data have been derived by the application of *pro forma* adjustments to our historical financial statements as of December 31, 2018. Adjustments to the unaudited *pro forma* consolidated balance sheet and statement of operations are described in the notes below:

Adjustments for Unaudited Pro Forma Balance Sheet

[A] The following table summarizes the estimated sources and uses of proceeds in connection with the Transactions, assuming the Transactions occurred on December 31, 2018. The presentation below does not reflect borrowings under our revolving credit facility that have occurred after December 31, 2018 and therefore does not reflect the repayment of such borrowings in connection with the Transactions. The actual amounts set forth in the table and in the accompanying footnotes are subject to adjustment and may differ at the time of the consummation of the Transactions depending on several factors, including differences from our estimation of fees and expenses.

($ in millions)

Sources	Amount	Uses	Amount
Notes offered hereby[(1)]	$ 475	Excess cash[(4)]	$ 161
Equity contributions[(2)]	1,954	Purchase price[(5)]	2,762
Equity rollover contributions[(3)]	575	Estimated fees & expenses[(6)]	81
Total Sources	$3,004	**Total Uses**	$3,004

(1) Represents the aggregate principal amount of the notes offered hereby.

(2) Represents expected common equity contributions from GTCR, Apax and certain of the Co-Investors and the proceeds from the sale of the preferred equity issued and sold by TopCo. The amount of the common equity contributions from GTCR, Apax and certain of the Co-Investors may decrease if GTCR does not require the full amount to fund payments required in connection with the Transactions or may increase if estimated fees and expenses associated with the Transactions are greater than expected. See "The Transactions," "Use of Proceeds" and "Certain Relationships and Related Party Transactions—Preferred Equity Documentation."

(3) Represents the expected common equity rollover contributions from certain members of AssuredPartners' management, including certain members of management of companies and businesses recently acquired by AssuredPartners who have purchased equity units in Parent. The amount of the common equity rollover contributions from certain members of management may change, in which case the common equity contributions from GTCR, Apax and certain of the Co-Investors will change accordingly to account for any difference.

(4) Represents excess cash from the proceeds of this notes offering, the equity contributions and the equity rollover contributions described under "The Transactions," that was not used to fund the consideration paid for the share capital of TopCo and fees and expenses associated with the Transactions. The presentation above does not reflect borrowings or repayments that have occurred under our revolving credit facility subsequent to December 31, 2018. Excess cash is intended to be used to repay in full outstanding borrowings under the existing revolving credit facility. For a discussion of borrowings under our revolving credit facility, see footnote (2) to the table under "Capitalization."

(5) Represents the estimated total consideration for all of the share capital of TopCo.

(6) Consists of our estimate of fees and expenses associated with the Transactions, including placement fees, initial purchaser discounts, underwriting and other financing fees, our estimate of any original issue discount, and other transaction costs for advisory and professional fees. All fees, expenses and other costs are estimates and actual amounts may differ from those set forth in this offering memorandum.

[B] The Acquisition will be accounted for as an acquisition in accordance with ASC 805 and the purchase price is allocated to the fair value of AssuredPartners' assets acquired and liabilities assumed. The preliminary purchase price for the Acquisition, subject to working capital and other closing adjustments is estimated as follows:

(in thousands)	
Preliminary purchase price of debt	2,505,089
Preliminary purchase price of equity	2,526,157
Total preliminary purchase price allocation to be allocated	**$5,031,246**
Tangible assets acquired	751,569
Amortizable intangible assets	2,352,184
Deferred revenue	(64,663)
Liabilities assumed (excludes indebtedness)	(836,706)
Net assets acquired	2,202,384
Goodwill	**$2,828,862**

Liabilities assumed excludes certain indebtedness including the term loan facility, the Existing Notes, and seller notes payables. The final determination of these estimated fair values is subject to completion of on-going assessment and will be available after the completion of the Acquisition. The results of the final allocation could be materially different from the preliminary allocation set forth in this offering memorandum and may result in material adjustments to the unaudited *pro forma* consolidated balance sheet, including but not limited to identifiable intangible assets, goodwill, acquired leasehold interests and deferred taxes.

[C] Represents the elimination of unamortized debt issuance costs upon termination of the existing revolving credit facility and reflecting new debt issuance costs related to the establishment of a new revolving credit facility and the delayed draw term loan facility upon consummation of the Transactions, as if the Transactions occurred on December 31, 2018.

[D] Represents the fair-value re-measurement of the term loan facility and the Existing Notes, as if the Transactions occurred on December 31, 2018.

[E] Represents elimination of historical equity as if the Transactions had occurred on December 31, 2018.

[F] Represents the estimated transaction costs that are direct, incremental costs to the Transactions, however not yet reflected in the historical financial statements.

[G] Represents the adjustment to deferred tax liability based on the preliminary adjustments on the balance sheet herein.

Adjustments for the Unaudited Pro Forma Statement of Operations

[H] Represents the adjustment of historical intangible assets acquired by the Company to their estimated fair values based on the preliminary valuation analysis, as if the Transactions had occurred on January 1, 2018. The following table summarizes the estimated fair values of the Company's identifiable intangible assets and their estimated useful lives and uses a straight-line method of amortization:

	Estimated Fair Value	Estimated Useful Life (in Years)	For the year ended December 31, 2018
Customer relationships—Keenan	460,000	20	23,000
Customer relationships—Other	1,890,000	15	126,000
			149,000
Historical amortization expense for the year ended December 31, 2018			(78,372)
Pro forma adjustments			70,628

[I] Represents the incremental interest expense resulting from the notes offered hereby and the new revolving credit facility, as well as the amortization of related debt issuance costs as if the Transactions had occurred on January 1, 2018.

	For the year ended December 31, 2018
Interest expense on notes offered hereby(1)	$42,301
Incremental interest expense on term loans(2)	3,770
Amortization of new debt issuance costs(3)	2,082
Pro forma adjustments	**$48,154**

(1) Reflects an assumed 8.50% annual coupon rate paid semi-annually.

(2) Reflects the incremental interest expense as a result of a change in control provision governing the term loans, resulting in an increase in the applicable margin from 3.25% to 3.50%.

(3) Based on estimated debt issuance costs of $6.7 million for the new revolving credit facility and $7.5 million for the delayed draw term loan facility.

[J] Represents $19.9 million of the accretion of re-measurement adjustment as a result of fair value measurement of the term loan facility and the Existing Notes as if the Transactions occurred on January 1, 2018.

[K] Represents the estimated tax impact of the *pro forma* adjustments at the applicable statutory income tax rates. The taxes associated with these estimated adjustments reflect the estimated blend of the statutory tax rate in various jurisdictions where the adjustments are expected to be incurred.

SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth the selected historical consolidated financial data as of the dates and for the periods indicated for AssuredPartners. The historical financial information of the Initial Issuer has not been presented, as the Initial Issuer was incorporated on April 22, 2019 and has had no operations since its inception. See “Basis of Presentation.”

The balance sheet data as of December 31, 2016, 2017 and 2018 and the statements of operations and cash flows for each of the years ended December 31, 2016, 2017 and 2018 have been derived from our audited consolidated financial statements 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 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.

	Historical		
	Year Ended December 31,		
(in thousands)	**2016**	**2017**	**2018**
Statements of Operations:			
Revenues			
Commissions and fees	$ 567,605	$ 795,095	$ 993,685
Contingent revenue	46,639	52,282	65,764
Total revenues	614,244	847,377	1,059,449
Expenses			
Compensation expense	366,901	535,517	609,563
Selling expense	13,114	16,328	19,830
Administrative expense	77,727	141,663	172,910
Transaction expense	2,908	4,241	2,187
Increase in fair value of earn-out payables, net	16,145	15,908	27,751
Depreciation and amortization expense	53,509	73,396	86,901
Total operating expenses	530,304	787,053	919,142
Income from operations	83,940	60,324	140,307
Interest expense	(98,422)	(111,429)	(126,628)
Accretion on fair value of earn-out payables, net	(14,102)	(10,097)	(10,440)
Debt extinguishment loss	—	(24,906)	—
Other income (expense)	(8,847)	5,498	7,273
Income (loss) before benefit for income taxes	(37,431)	(80,610)	10,512
Benefit (provision) for income taxes	10,861	45,001	(4,983)
Net income (loss)	$ (26,570)	$ (35,609)	$ 5,529
Balance Sheet Data (at period end):			
Cash and cash equivalents	$ 79,499	$ 130,617	$ 149,744
Total assets	2,330,676	3,075,779	3,597,381
Total debt, net of original issue discounts[1]	1,299,694	1,724,392	2,187,023
Total liabilities	1,638,800	2,275,928	2,788,454
Total equity	691,876	799,851	808,927
Cash Flows Data:			
Net cash (used in) provided by:			
Operating activities	$ 47,632	$ 80,252	$ 113,465
Investing activities	(239,667)	(440,403)	(520,976)
Financing activities	185,573	411,269	426,638

(1) Total indebtedness is presented net of unamortized discounts and deferred financing costs.

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

In this section, the terms "we," "our," "ours," "us" and the "Company" refer collectively to AssuredPartners and its consolidated subsidiaries prior to the Transactions. Except where noted, the following discussion and analysis of financial condition and results of operations discusses periods prior to the consummation of the Transactions. Accordingly, the discussion and analysis of historical periods do not reflect the significant impact that the Transactions will have on our financial position, results of operations and cash flows, including, without limitation, increased levels of indebtedness and related interest expense and the impact of acquisition accounting (including changes in depreciation and amortization). See "—The Transactions—Acquisition Accounting" below.

The following discussion of our financial condition and results of operations should be read in conjunction with "Glossary," "Basis of Presentation," "Summary—Summary Historical Consolidated and Unaudited Pro Forma Consolidated Financial Data," "Risk Factors," "The Transactions," "Unaudited Pro Forma Consolidated Financial Data," "Selected Historical Financial Data" and the historical audited consolidated financial statements and the related 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 projected 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

We are one of the largest, fastest-growing, full-service insurance brokers in the United States, offering a broad range of property and casualty and employee benefits insurance products and services to middle-market businesses, public institutions and high-net worth individuals. We have achieved significant growth in a highly fragmented and consolidating industry through a disciplined acquisition program, which targets accretive acquisitions, and by focusing on generating organic growth and profit margin expansion. In the United States, we were the twelfth largest insurance broker based on brokerage revenues generated in 2017 and the fifth largest independent P&C insurance broker based on brokerage revenues generated in 2017. We have a highly diversified revenue base with high revenue and producer retention rates.

We offer an extensive portfolio of more than 250 products and services from more than 1,500 insurance carriers to over 400,000 clients. No material part of our business depends upon a single customer or on a few customers. For the year ended December 31, 2018, our top client accounted for less than 1% of our commissions, while our top ten clients represented approximately 2.9% of our commissions. We serve a variety of industries, such as real estate, construction, public entities, healthcare and senior living, manufacturing, forestry, life sciences, hospitality, asset management, entertainment, technology, non-profit, retail, trade and others. Our product lines are:

- *Property & Casualty*. Our P&C products and services are comprised of a full range of insurance lines that we offer to our commercial middle-market business clients as well as school districts in California, which includes property, workers' compensation, surety bonds, aviation, commercial auto and professional liability insurance, and P&C coverage that we provide to high-net worth individuals, which includes higher-end homes, secondary homes, valuable articles and yachts. We work with nearly all of the major commercial property and casualty insurers, and for the year ended December 31, 2018, no carrier contributed more than 11.1% to our P&C premium. For the year ended December 31, 2018, Commercial P&C generated $517.4 million, or 48.9%, of our total revenue while Personal P&C generated $105.1 million, or 9.9%, of our total revenue.

- *Employee Benefits*. We place EB products and provide consulting services on both fully-insured and self-insured employee benefit plan structures, as well as administrative support. We primarily target businesses with greater than 50 employees. We work with nearly all of the major medical and ancillary carriers, and for the year ended December 31, 2018, no carrier contributed more than 15.9% of our EB premium. For the year ended December 31, 2018, EB generated $278.6 million, or 26.3%, of our total revenue.

- *Ancillary Benefits, Services and Other*. Ancillary benefits include life, disability and dental insurance, as well as risk management, consulting and third-party administration services. We work with essentially all of the ancillary benefits insurers. Services primarily include insurance and financial solution services to public agencies and healthcare industries in California. For the year ended December 31, 2018, ancillary benefits, services and other generated $158.3 million, or 14.9%, of our total revenue.

The Transactions

On February 20, 2019, Parent, Merger Sub, TopCo and the Seller entered into the Acquisition Agreement, pursuant to which, among other things, Parent will acquire TopCo for approximately $2,762 million. For more information about the Transactions, see "The Transactions."

Acquisition Accounting

Since our inception we have completed 255 acquisitions of local and regional insurance brokerages. We account for acquisitions using the purchase method of accounting whereby the aggregate purchase price is allocated among the assets acquired and liabilities assumed using fair market values. We calculate goodwill, which includes intangible assets that do not qualify for separate recognition, as the excess of the purchase price over net assets acquired. Goodwill that we recognize and record represents the future economic benefit of the acquired entity in excess of the economic value of the sum of tangible net assets and separately identified intangible assets. The purchase price we allocate to acquired net assets is limited to the fair value of consideration paid to the seller. We record direct costs of completing acquisitions as expenses in the period incurred.

Our financial statements in the future will vary from our historical financial statements as a result of the Acquisition. The Acquisition will be accounted for using the purchase method of accounting in accordance with ASC 805. As a consequence of the application of acquisition accounting, our assets and liabilities will be adjusted to their estimated fair market values as of the Acquisition Closing Date. We anticipate that these assets and liabilities adjusted to their fair values will result in an increase in our future operating expenses due to the increased depreciation and amortization expense related to the increased carrying value of identifiable definite-lived tangible and intangible assets. Additionally, the excess of the total purchase price over the estimated fair value of our assets and liabilities on the Acquisition Closing Date will be allocated to goodwill. A preliminary assessment of the estimated fair value of our assets indicates that the value at which we carry our tangible and intangible assets and goodwill will increase. Any identifiable indefinite-lived assets, including goodwill, will be subject to annual impairment testing. See "Unaudited Pro Forma Consolidated Financial Data," "Selected Historical Financial Data," "Risk Factors—Risks Related to our Business—A substantial portion of our total assets are 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" and "—Critical Accounting Policies and Estimates—Acquisition Accounting."

The preliminary purchase price allocation is subject to the following changes:

- finalization of the fair value of working capital and other assets and liabilities on the opening balance sheet;

- final identification and valuation of intangible assets; and
- completion of the appraisal of certain assets acquired and liabilities assumed.

The final purchase price allocation will be determined at the Acquisition Closing Date and adjusted based on changes to the valuations identified above and may differ materially from our preliminary estimates.

Business Combinations

The insurance brokerage industry is highly fragmented and consolidation among insurance brokerages has been a significant trend. The disciplined acquisition of brokerages to either build our platform or to fold into our existing platform has been a very important part of our growth strategy. We evaluate acquisitions based on size, geographic and industry fit, operating performance and quality of the existing management team. In an effort to incentivize the target's management team and encourage retention of key producers, we typically structure our acquisitions to include contingent or "earn-out" consideration, which is based on the achievement of specified revenue, earnings or other financial performance measures in future periods. Our ability to continue to grow our business will depend in part on our ability to identify suitable acquisition candidates and successfully acquire and integrate such businesses.

The table below sets forth the total number of acquisitions, excluding the business combinations of books of business that occurred in each of the periods, the aggregate revenues and aggregate adjusted EBITDA for the most recent fiscal twelve-month period prior to the date of consummation of each acquisition and the aggregate consideration for such acquisitions:

	Number of Acquisitions	Aggregate Last Twelve Month Revenues[1]	Aggregate Last Twelve Month adjusted EBITDA[2]	Aggregate Consideration[3]
		(dollars in thousands)		
Year ended December 31, 2016	44	$100,313	$33,415	$255,454
Year ended December 31, 2017	28	$275,237	$71,231	$612,486
Year ended December 31, 2018	42	$170,146	$56,873	$499,302

(1) Reflects the aggregate revenues, based on our diligence, for the most recent twelve-month period prior to the date of each acquisition.

(2) Reflects the aggregate adjusted EBITDA for the most recent fiscal twelve-month period prior to the date of consummation of each acquisition. Such aggregate adjusted EBITDA for acquired businesses is not a measurement of financial performance prepared in accordance with GAAP and may not necessarily be calculated in the same manner as our adjusted EBITDA as defined in this offering memorandum, and thus has important limitations as an analytical tool. See "Non-GAAP Financial Measures" and footnote (5) in "Summary—Summary Historical Consolidated and Unaudited Pro Forma Consolidated Financial Data" for more information on limitations of non-GAAP financial measures.

(3) Reflects the aggregate consideration for the acquisitions, including estimated contingent earn-out payables and notes payable.

For more information on our acquisitions, see Note 2 to our audited historical consolidated financial statements included elsewhere in this offering memorandum as well as "Business—Our Acquisition Platform."

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."

Property and Casualty Market. P&C premium rates 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 revenues, 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 decreased commission revenues. 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 amount of premium expended by many small- and medium-sized businesses and resulting brokerage commission revenue tends to be less volatile than premium rates. For the past few years, we have been in a "soft" market, with retractions in premium rates across the carriers. Starting in 2018, retail P&C rates and exposures began to show slight increases. However, it is not clear whether the rate and exposure increases will continue in the foreseeable future due to uncertainty of the current economic environment.

Employee Benefits Market. Demand for group EB products and services is largely driven by employment levels, whereas EB premium rates tend to increase with medical cost inflation. As businesses continue to struggle with pension deficits, healthcare costs, the changing regulatory environment, and as employee benefits become an increasingly significant expense for businesses, we believe the role of insurance brokerage firms in the employee benefits market will continue to be important. Since the Company was founded in 2011, we have operated in a market that has experienced a modest but steady increase in demand for group employee benefits products and services due to medical cost inflation, which together with a sales initiative for ancillary employee benefits products and services, has led to increased sales volume-based bonuses from certain carriers.

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 results of operations. For the year ended December 31, 2018, no single carrier accounted for more than 6.1% of our total commission and fee revenue, with the top ten carriers in the aggregate representing approximately 29.2% of our commission and fee revenue.

Seasonality

Our results of operations and cash flows are subject to seasonal fluctuations. Contingent revenues are paid by insurance carriers after the contractual period and are typically based on the overall underwriting results or volume placed with such insurance carriers during such period. Contingent revenues are typically calculated and paid 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 overall revenues vary from year-to-year in part as a function of the foregoing, our compensation expenses, selling expenses, administrative expenses and depreciation and amortization expenses generally tend to be more uniform throughout the year.

Key Components of Results of Operations

Revenues

We generate revenues primarily from commissions paid by insurance carriers on the placement of property and casualty insurance and employee benefits products. These commissions include (1) commissions and fees (also known in the industry as "core commissions" or "base commissions") and (2) contingent revenues.

Commissions and Fees. Commissions and fees are determined as a percentage of premiums and generally recur annually at the same rate for as long as the insurance is in force. Occasionally, upon request by the client, we are compensated on a negotiated fee basis, which typically represents a fixed dollar amount determined on an annual basis. We also generate fee revenues from other services that we provide to our clients, such as third-party claims administration and other risk management and consulting services.

Contingent Revenues. Under certain circumstances, we receive supplemental revenues (also known in the industry as "guaranteed supplemental commissions") and profit-sharing contingent revenues paid by insurers that are above the base commissions paid. Supplemental revenues are determined in advance of the contractual period by the insurance carrier based on historical performance criteria and are eligible to be paid annually, with such supplemental revenues accruing monthly throughout the contractual period. Profit-sharing contingent revenues are determined and paid by insurance carriers after the contractual period, based upon the overall underwriting results, volume and/or growth of the business placed with such insurance carriers during the contractual period. We primarily receive profit-sharing contingent revenue in the first half of each year because they are calculated and paid in the year immediately following the year in which the premium is generated.

Costs and Expenses

As a service provider, our largest cost of doing business is compensation expense. Our sales producers are generally paid on a standard formula based on a percentage of their retained revenues and new business revenues. 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 selling expenses such as travel and entertainment expenses, and administrative expenses, such as rent expenses 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. As of December 31, 2018, we have approximately $1.6 billion of net tax-deductible goodwill and other intangible assets, which are generally amortized over a 15-year period.

We 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 Adjusted EBITDA margin expansion.

Critical Accounting Policies

We describe our significant accounting policies in Note 1, "Overview and Summary of Significant Accounting Policies," to our audited consolidated financial statements included elsewhere in this offering memorandum. The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of some assets and liabilities and, in some instances, the reported amounts of revenue and expenses during the applicable reporting period. Actual results could differ from these estimates. Management believes the accounting estimates discussed below represent those accounting estimates requiring the exercise of judgment where a different set of judgments could result in significant changes to our reported results.

Revenue Recognition

Commissions and Fees. Commission revenues are recognized at the later of the billing or the effective date of the insurance policy. Commission revenues are reported net of allowances for estimated policy cancellations and commissions paid to sub-brokers or co-brokers. The allowances for estimated policy cancellations are established based on historic and current data evaluated by management. Fee revenues, negotiated in lieu of commission, are recognized in the same manner as commission revenue. Fee revenues generated from other services, which include third-party claims administration and other risk management consulting services, are recognized as services are rendered. Fee revenues received in advances are deferred until earned.

Contingent Revenue. Supplemental and profit-sharing contingent commissions from insurance companies are recognized when determinable. We recognize supplemental commission revenues using internal data and information received from insurance carriers that allows us to reasonably estimate the supplemental commissions earned in the period. A supplemental commission is a commission paid by an insurance carrier that is above the base commission paid, is based on historical performance criteria, and is established annually in advance of the contractual period. We recognize profit-sharing contingent commissions and commissions on premiums directly billed by insurance carriers as revenue when we have obtained the data necessary to reasonably determine such amounts. Typically, we cannot reasonably determine these types of commission revenues until the cash has been received or the related policy detail or other carrier specific information from the insurance carrier is known. A profit-sharing contingent commission is a commission paid by an insurance carrier and is based on, among other things, the overall underwriting results and/or growth of the business placed with that insurance carrier during a particular calendar year and is determined after the contractual period. The primary manner in which such fees are determined to be earned is when the commissions are received, or when officially notified of the amount of such commissions.

Acquisition Accounting

Assets acquired and liabilities assumed are recorded based on their respective fair values at the date of acquisition. Goodwill and other intangible assets generally represent the largest components of our acquisitions. Intangible assets include non-compete agreements, purchased customer accounts, trade names and acquired leases. Goodwill is calculated as the excess of the cost of the acquired agency over the net of the fair value of the assets acquired and the liabilities assumed. The principal factor that results in recognition of goodwill is a combination of the value we expect to receive as we provide additional markets and capabilities to the acquired companies, as well as the value we assign to the assembled workforce which may not be recognized as an intangible asset. Non-compete agreements, customer accounts, trade names and acquired leases are valued using the income approach which is predicated on developing cash flow projections. Contingent liabilities that arise from acquisitions, referred to as "earn-out payables," are established and measured at fair value as of the acquisition date.

The amounts recorded as earn-out payables are primarily based upon estimated future operating results of the acquired entities over a one- to three-year period and are recorded as part of the purchase price consideration. The fair value of the earn-out payables is based on the present value of the expected future payments to be made to the sellers of the acquired entities in accordance with the provisions outlined in the respective purchase agreements. We estimate future payments using the earn-out formula and performance targets specified in each purchase agreement and these financial projections. In determining fair value, we estimate the acquired entity's future performance using financial projections developed by management for the acquired entity and market participant assumptions that were derived for revenue growth and/or profitability. We then utilize an option-pricing approach to incorporate the risks associated with financial projections, counterparty credit risk, as well as the nature of the earn-out payout structure. Subsequent changes in these estimated earn-out payables, including the accretion of discount and changes in fair value, are recorded in the consolidated statements of operations when incurred.

We also acquire other assets and assume other liabilities that typically include accounts receivable, accounts payable and other working capital items. Due to their short-term nature, the book values of these other assets and liabilities generally approximate the fair values that are recorded on the balance sheets of the acquired business.

Investments

In connection with the acquisition of Keenan on March 31, 2017, we acquired Meritage, a captive insurance company formed and domiciled in the state of Hawaii.

Meritage's investments are classified as available-for-sale, which are carried at fair market value with unrealized gains or losses reported as accumulated other comprehensive income or loss within the consolidated balance sheets. The cost of investments sold is based on the specific identification method. Premiums and discounts are amortized using the interest method. Investment expenses are included in other income (expense) within the consolidated statements of operations.

For mortgage-backed securities and asset-backed securities, we recognize income using a constant effective yield based on anticipated prepayments over the economic life of the security. The mortgage-backed portfolio is accounted for under the retrospective method and prepayment assumptions are based on market expectations. When actual prepayments differ significantly from anticipated prepayments, the effective yield is recalculated to reflect actual payments to date and anticipated future payments, and any resulting adjustment is included in other income (expense) within the consolidated statements of operations.

We assesse whether other-than-temporary impairments ("OTTIs") have occurred based upon our case-by-case evaluation of the underlying reasons for the decline in estimated fair value. All securities with a gross unrealized loss at the balance sheet date are subject to our process for identifying OTTIs. We consider a wide range of factors and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for recovery.

Considerations used by us in the impairment evaluation process include, but are not limited to, the following:

- The duration and extent that the estimated fair value has been below the net carrying amount
- Industry factors or conditions related to a geographic area that are negatively affecting the security
- Underlying valuation of assets specifically pledged to support the credit
- Past due interest or principal payments or other violation of covenants
- Deterioration of the overall financial condition of the specified issuer
- Downgrades by a rating agency

- Intent to sell the security or if it is more likely than not we will be required to sell the security before the recovery of amortized cost

- Fundamental analysis of the liquidity and financial condition of the specified issuer

If we determine that an OTTI has occurred, an OTTI shall be recognized in earnings equal to the entire difference between the fixed maturity security's amortized cost basis and its fair value at the reporting date. After the recognition of OTTI, the security is accounted for as if it had been purchased on the measurement date of the OTTI and the fair value on the date of the OTTI becomes the new cost basis for the security.

Goodwill and Intangible Assets

The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and intangible net assets is assigned to goodwill. While goodwill is not amortizable, in accordance with ASC Topic 350, Intangibles—Goodwill & Other, we are required to test goodwill for impairment at least annually, and more frequently in the presence of certain circumstances, by applying a fair value-based test. Amortizable intangible assets are amortized over their useful lives and are subject to an impairment review based on an estimate of the undiscounted future cash flows resulting from the use of the asset.

We review all intangible assets for impairment periodically (at least annually for goodwill) and whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. We perform such impairment reviews at the operating platform (i.e. reporting unit) level with respect to goodwill and at the business unit level for amortizable intangible assets. In reviewing the intangible assets, if the fair value was less than the carrying amount of the respective asset, an indicator of impairment would exist and further analysis would be required to determine whether or not a loss would need to be charged against current period earnings as a component of amortization expense.

For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, the implied fair value of the reporting unit goodwill is compared to the carrying value of that goodwill to measure the amount of impairment loss, if any. In such instances, the implied fair value of the goodwill is determined in the same manner as the amount of goodwill that would be determined in a business acquisition. We test goodwill for impairment by either performing a qualitative assessment or a two-step quantitative test. The qualitative assessment is an assessment of historical information and relevant events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We may elect not to perform the qualitative assessment for some or all of its reporting units and instead perform a two-step quantitative impairment test. In performing the two-step quantitative impairment test, we use a discounted cash flow valuation method (the income approach).

We completed our annual goodwill impairment analysis as of September 30, 2018. There were no events or changes since the period following the annual impairment review through December 31, 2018 that caused us to perform an interim period impairment assessment.

Amortizable intangible assets are stated at cost, less accumulated amortization. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to twenty years. Purchased customer accounts primarily consist of records and files that contain information about insurance policies and the related insured parties that are essential to policy renewals. Purchased trade name is amortized over five years. The favorable lease assets or unfavorable lease liabilities that arise from the business combinations are amortized over remaining term of the respective lease agreements.

Reserve for Unpaid Losses and Loss Adjustment Expenses

Meritage is licensed as a Class 4 sponsored captive insurance company and is authorized to be a reinsurer and direct writer of insurance. Meritage writes and reinsures workers' compensation business and excess liability business only for policyholders associated with Keenan.

Unpaid claims and claim expenses consist of (1) case or claims reserves for known claims that are unpaid as of the balance sheet date; (2) incurred but not reported reserves for claims when the insured event has occurred but has not been reported to us; and (3) loss adjustment expense reserves for the expected costs of settling these claims. We determine the amount of the liability for incurred but not paid claims by following a detailed actuarial process that entails using both historical claim payment patterns as well as emerging medical cost trends to project our best estimate of claim liabilities. Under this process, historical paid claims data is formatted into "claim triangles," which compare claim incurred dates to the dates of claim payments. This information is analyzed to create "completion factors" that represent the average percentage of total incurred claims that have been paid through a given date after being incurred. Completion factors are applied to claims paid through the period end date to estimate the ultimate claim expense incurred for the period.

Because the reserve methodology is based upon historical information, it must be adjusted for known or suspected operational and environmental changes. These adjustments are made by us based on the knowledge and the estimate of emerging impacts to benefit costs and payment speed. Circumstances to be considered in developing the best estimate of reserves include changes in mix of business, claim inventory levels, claim processing patterns, claim submission patterns. A comparison of prior period liabilities to re-estimated claim liabilities based on subsequent claims development is also considered in making the liability determination.

We regularly review and set assumptions regarding cost trends and utilization when initially establishing claim liabilities. We continually monitor and adjust the claims liability and expense based on subsequent paid claims activity. Prior period development is recognized immediately upon our judgment that a portion of the prior period liability is no longer needed or that an additional liability should have been accrued. Such determination is made when sufficient information is available to ascertain that the re-estimate of the liability is reasonable.

We consistently estimate incurred but not yet reported losses using actuarial principles and assumptions based on settlement factors derived from our historical experiences, which reflect judgments and possible adjustments based on data such as historical and projected claim incidence patterns, claim size, expected payment patterns and period. We recognize the best estimate of the ultimate liability under moderately adverse conditions. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in current earnings.

Results of Operations

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

The following tables summarize our consolidated results of operations for the year ended December 31, 2018 as compared to the year ended December 31, 2017.

(in thousands)	Year Ended December 31, 2018	2017	Variance $	%	Percentage of Revenues 2018	2017
Revenues						
Commissions and fees	$ 993,685	$ 795,095	$198,590	25.0%	93.8%	93.8%
Contingent revenue	65,764	52,282	13,482	25.8%	6.2%	6.2%
Total revenues	$1,059,449	$ 847,377	$212,072	25.0%	100.0%	100.0%
Expenses						
Compensation expense	$ 609,563	$ 535,517	$ 74,046	13.8%	57.5%	63.2%
Selling expense	19,830	16,328	3,502	21.4%	1.9%	1.9%
Administrative expense	172,910	141,663	31,247	22.1%	16.3%	16.7%
Transaction expense	2,187	4,241	(2,054)	(48.4)%	0.2%	0.5%
Increase in estimated earn-out payables, net	27,751	15,908	11,843	74.4%	2.6%	1.9%
Depreciation and amortization expense	86,901	73,396	13,505	18.4%	8.2%	8.7%
Total operating expenses	919,142	787,053	132,089	16.8%	86.8%	92.9%
Income from operations	$ 140,307	$ 60,324	$ 79,983	132.6%	13.2%	7.1%
Interest expense	(126,628)	(111,429)	(15,199)	13.6%	(12.0)%	(13.1)%
Accretion on fair value of earn-out payables, net	(10,440)	(10,097)	(343)	3.4%	(1.0)%	(1.2)%
Debt extinguishment gain (loss)	—	(24,906)	24,906	(100.0)%	0.0%	(2.9)%
Other income	7,273	5,498	1,775	32.3%	0.7%	0.6%
Income (loss) before income taxes	10,512	(80,610)	91,122	(113.0)%	1.0%	(9.5)%
(Provision) benefit for income taxes	(4,983)	45,001	(49,984)	(111.1)%	(0.5)%	5.3%
Net income (loss)	5,529	(35,609)	41,138	(115.5)%	0.5%	(4.2)%

Revenues

Total revenues for the year ended December 31, 2018 and 2017 were $1.1 billion and $847.4 million, respectively, reflecting an increase of $212.1 million, or 25.0%. The increase was primarily driven by the expansion of our business through acquisitions and increases in contingent revenues, which were driven by the increased sales volume-based bonus from certain carriers in the employee benefits business and the favorable underwriting loss experience in the P&C business.

Expenses

Compensation Expense

Compensation expense increased by $74.0 million, or 13.8%, from $535.5 million for the year ended December 31, 2017 to $609.6 million for the year ended December 31, 2018. The increase was primarily due to the increased headcount from the 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 revenues decreased for the year ended December 31, 2018, compared to the corresponding period in 2017. The decrease is mainly due to the expiration of incentive compensation programs for certain acquired agencies at the end of first quarter 2018. Lastly, our producer commission rates during those periods remained unchanged over the comparable periods.

Selling Expense

Selling expense for the year ended December 31, 2018 increased by $3.5 million, or 21.4% compared to the corresponding period in 2017. The increase was primarily due to increased advertising and marketing related costs incurred by insurance agencies, including those that focus on certain niche markets including the public entities sector in California and the P&C personal lines business in Florida. These expenses are offset by the cost-saving initiatives across our organization. Selling expense as a percent of revenues remained consistent over the comparable periods.

Administrative Expense

Administrative expense for the year ended December 31, 2018 increased by $31.2 million, or 22.1%, compared to the corresponding period in 2017. The increase was primarily due to the increase in our volume of business as a result of acquisitions and increases in related professional service fees, such as IT expenses, audit and consulting fees, which were partially offset by our cost saving initiatives. Administrative expense as a percentage of revenues decreased slightly over the comparable periods due to the cost-saving initiatives across our organization.

Transaction Expense

Transaction expense for the year ended December 31, 2018 decreased by $2.1 million, or 48.4%, compared to the corresponding period in 2017. Transaction expense in the corresponding period in 2017 included certain transaction costs related to the acquisition of Keenan on March 31, 2017. Our acquired businesses during the year ended December 31, 2018 did not include any acquisitions similar to the size of the Keenan acquisition.

Increase in Estimated Earn-out Payables, Net.

Increase in estimated earn-out payables, net for the year ended December 31, 2018 increased by $11.8 million, or 74.4%, compared to the corresponding period in 2017. The increase was mainly due to the increase in the forecasted financial results of underlying acquisitions that are subject to earn-out measurements throughout 2018.

Depreciation and Amortization Expense

Depreciation and amortization expense for the year ended December 31, 2018 increased by $13.5 million, or 18.4%, compared to the corresponding period in 2017. The increases primarily reflected amortization of additional intangible assets and, to a lesser extent, depreciation from the fixed assets, in each case, as a result of the acquisitions consummated during the period.

Interest Expense

Interest expense for the year ended December 31, 2018 increased by $15.2 million, or 13.6%, compared to the corresponding period in 2017. The increase was directly attributable to increased bank borrowings under the senior secured credit facilities in November and April 2018, and September 2017. In addition, starting February 2018, we started to pay semi-annual coupon payments on the Existing Notes that we issued in August 2017. These increases were offset by reduction in borrowing rates through refinancing of senior secured credit facilities during the corresponding period in 2017.

Accretion on Fair Value of Earn-Out Payables, Net

Accretion on fair value of earn-out payables, net for the year ended December 31, 2018 increased by $0.3 million, or 3.4%, compared to the corresponding period in 2017. The net increase was directly attributable to the increase in the number of outstanding earn-outs payable along with the increased fair values. These increases were offset by a shorter discount period which reduced the amount of accretion.

Debt Extinguishment Loss

Debt extinguishment loss decreased by $24.9 million for the year ended December 31, 2018, compared to the corresponding period in 2017. The decrease in debt extinguishment loss was due to the repayment of second lien term loans in August 2017 and write-off of unamortized portion of discounts and deferred debt issuance costs upon the refinancing of first lien term loans in September 2017.

Other Income

Other income for the year ended December 31, 2018 increased by $1.8 million compared to the corresponding period in 2017. The increase is primarily due to gain from sales of books of businesses during 2018 as well as the mark-to-market change from the de-designated certain hedge instruments that were no longer being effective as of March 31, 2017.

(Provision) Benefit for Income Taxes

On December 22, 2017, the Tax Act was signed into law. The Tax Act significantly revised the U.S. tax code including, among other things, lowering the corporate income tax rate from 35.0% to 21.0%, limiting the deductibility of interest expense, implementing a territorial tax system, and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. We recognized the tax effects of the Tax Act in the fourth quarter of 2017 related to the re-measurement of deferred tax assets and liabilities to the 21% corporate tax rate and to the un-repatriated foreign earnings.

The effective tax rate for the years ended December 31, 2018 and 2017 was 47.4% and 55.8%, respectively. The change in the effective tax rate is primarily due to impacts of the lower corporate income tax rate and permanent tax differences.

Net Income (Loss)

For the year ended December 31, 2018, we had net income of $5.5 million compared to a net loss of $35.6 million for the year ended December 31, 2017, due to the cumulative effect of the factors discussed above.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following tables summarize our consolidated results of operations for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

(in thousands)	Year Ended December 31, 2017	2016	Variance $	Variance %	Percentage of Revenues 2017	Percentage of Revenues 2016
Revenues						
Commissions and fees	$ 795,095	$567,605	$227,490	40.1%	93.8%	92.4%
Contingent revenue	52,282	46,639	5,643	12.1%	6.2%	7.6%
Total revenues	$ 847,377	$614,244	$233,133	38.0%	100.0%	100.0%
Expenses						
Compensation expense	$ 535,517	$366,901	$168,616	46.0%	63.2%	59.7%
Selling expense	16,328	13,114	3,214	24.5%	1.9%	2.1%
Administrative expense	141,663	77,727	63,936	82.3%	16.7%	12.7%
Transaction expense	4,241	2,908	1,333	45.8%	0.5%	0.5%
Increase in estimated earn-out payables, net	15,908	16,145	(237)	(1.5)%	1.9%	2.6%
Depreciation and amortization expense	73,396	53,509	19,887	37.2%	8.7%	8.7%
Total operating expenses	787,053	530,304	256,749	48.4%	92.9%	86.3%
Income from operations	$ 60,324	$ 83,940	$ (23,616)	(28.1)%	7.1%	13.7%
Interest expense	(111,429)	(98,422)	(13,007)	13.2%	(13.1)%	(16.0)%
Accretion on fair value of earn-out payables, net	(10,097)	(14,102)	4,005	(28.4)%	(1.2)%	(2.3)%
Debt extinguishment loss	(24,906)	—	(24,906)	—	(2.9)%	—
Other income (expense)	5,498	(8,847)	14,345	(162.1)%	0.6%	(1.4)%
Loss before benefit for income taxes	(80,610)	(37,431)	(43,179)	115.4%	(9.5)%	(6.1)%
Benefit for income taxes	45,001	10,861	34,140	314.3%	5.3%	1.8%
Net loss	(35,609)	(26,570)	(9,039)	34.0%	(4.2)%	(4.3)%

Revenues

Total revenues for the year ended December 31, 2017 and 2016 were $847.4 million and $614.2 million, respectively, reflecting an increase of $233.1 million, or 38.0%. The increase was primarily driven by the expansion of our business through acquisitions, including our expansion in the public agencies and healthcare sector in California through the acquisition of Keenan in March 2017. Since its acquisition, Keenan generated $148.8 million of revenues for the year ended December 31, 2017.

Expenses

Compensation Expense

Compensation expense increased by $168.6 million, or 46.0%, from $366.9 million for the year ended December 31, 2016 to $535.5 million for the year ended December 31, 2017. The increase was primarily due to the increased headcount resulting from acquired insurance agencies and the resulting increases in employee salary, commission, bonuses and related benefit and payroll tax expenses. In addition, some of the acquired agencies outperformed their performance targets and were entitled to incentive compensation for the year ended December 31, 2017.

Compensation expense as a percentage of revenues increased slightly over the comparable periods. The increase in the current year corresponds to the increases in revenues from commissions and fees and incentive plans that rewarded the agencies that achieved the target results. Our producer commission rates during those periods remained unchanged over the comparable periods.

Selling Expense

Selling expense for the year ended December 31, 2017 increased by $3.2 million, or 24.5% compared to the prior year. The increases are mainly due to increased marketing related costs incurred by insurance agencies that focus on certain niche markets including the public entities sector in California and the P&C personal lines business in Florida. These expenses are offset by the cost-saving initiatives across our organization. Selling expense as a percent of revenues remained relatively consistent over the comparable periods.

Administrative Expense

Administrative expense for the year ended December 31, 2017 increased by $63.9 million, or 82.3%, compared to the prior year. The increases were primarily due to the increase in our volume of business as a result of acquisitions, Keenan being the largest, as well as increases in related professional service fees, such as IT expenses, audit and consulting fees, and debt issuance costs, such as bank and legal fees, associated with the refinancing of bank borrowings. These increases were partially offset by our cost-saving initiatives. Administrative expense as a percent of revenues increased over the comparable periods due to the aforementioned reasons.

Transaction Expense

Transaction expense for the year ended December 31, 2017 increased by $1.3 million, or 45.8%, compared to the prior year. The increase was mainly due to the acquisition activities during 2017, with Keenan being our largest acquisition, which closed on March 31, 2017.

Increase in Estimated Earn-Out Payables, Net

Increase in estimated earn-out payables, net for the year ended December 31, 2017 experienced a slight decrease by $0.2 million, or 1.5%, compared to the prior year. The decrease is mainly due to the increase in the forecasted financial results of underlying acquisitions that are subject to earn-out measurements throughout 2017 and are offset by the decrease in the number of entities that are subject to an earn-out when compared to the prior year.

Depreciation and Amortization Expense

Depreciation and amortization expense for the year ended December 31, 2017 increased by $19.9 million, or 37.2%, compared to the prior year. The increases primarily reflected amortization of additional intangible assets and, to a lesser extent, depreciation from the fixed assets, in each case, acquired as part of acquisitions consummated during the period.

Interest Expense

Interest expense for the year ended December 31, 2017 increased by $13.0 million, or 13.2%, compared to the prior year. The increase was directly attributable to increased bank borrowings under the senior secured credit facilities, which were used to finance acquisitions, and the Existing Notes that we issued in August 2017.

Accretion on Fair Value of Earn-out Payables, Net

Interest accretion on fair value of earn-out payables, net for the year ended December 31, 2017 decreased by $4.0 million, or 28.4%, compared to the prior year. The decrease was directly attributable to the decrease in the number of entities that are subject to an earn-out when compared to the prior year.

Debt Extinguishment Loss

Debt extinguishment loss increased by $24.9 million for the year ended December 31, 2017, compared to the prior year. Debt extinguishment loss was related to the repayment of second lien term loans in August 2017.

Other Income (Expense)

Other income for the year ended December 31, 2017 increased by $14.3 million compared to $8.8 million of other expense from the prior year. The increase was directly attributable to $10.6 million of a producer hiring dispute settlement in 2016. Other income of $5.5 million for the year ended December 31, 2017 primarily includes investment income from Meritage's investment portfolio, interest income from unremitted funds that are held in a fiduciary capacity as trust cash on behalf of our customers or insurance carriers and mark-to-market change from certain de-designated hedge instruments that were no longer effective as of March 31, 2017.

Benefit for Income Taxes

On December 22, 2017, the Tax Act was signed into law. The Tax Act significantly revised the U.S. tax code including, among other things, lowering the corporate income tax rate from 35.0% to 21.0%, limiting the deductibility of interest expense, implementing a territorial tax system, and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. We recognized the tax effects of the Tax Act in the fourth quarter of 2017, recording $21.8 million in tax benefit related to the re-measurement of deferred tax assets and liabilities to the 21% corporate tax rate and $0.7 million in tax expense related to un-repatriated foreign earnings.

The effective tax rate for the year ended December 31, 2017 and 2016 was 55.8% and 29.0%, respectively. The change in the effective tax rate is primarily due to impacts of the Tax Act, permanent tax differences, and additional valuation allowance established for certain state NOLs. A valuation allowance has been established against the deferred tax assets related to certain state NOLs for which it is not more likely than not that the benefit will be realized. We evaluate the recoverability of the deferred tax assets on a regular basis based upon all available positive and negative evidence.

Net Loss

For the year ended December 31, 2017, we incurred a net loss of $35.6 million compared to a net loss of $26.6 million for the year ended December 31, 2016, due to the cumulative effect of the factors discussed above.

Liquidity and Capital Resources

Liquidity prior to the Transactions

Our primary sources of liquidity are cash flows from operations, cash and cash equivalents on the balance sheet and funds available under our 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 and capital expenditure for the next twelve months.

We are, and after completion of this offering will continue to be, significantly leveraged. As of December 31, 2018, our total indebtedness was $2,227 million, $1,722 million of which was secured indebtedness under our term loan facility, and we had the ability to borrow an additional $267.5 million of secured indebtedness under our revolving credit facility (without giving effect to $0.9 million of outstanding letters of credit). Our liquidity requirements are significant, primarily due to our acquisition pipeline and debt service requirements. See "Capitalization," "Description of Certain Other Indebtedness" and "Description of Notes."

Our ability to make payments on and to refinance our debt, to fund planned acquisitions and otherwise satisfy our obligations will depend on our ability to generate sufficient cash in the future. This, to some extent, is subject to general economic, financial, competitive and other factors that are beyond our control. We believe that, based on current levels of operations, we will be able to meet our debt service and other obligations when due. Significant assumptions underlie this belief, including, among other things, that we will continue to be successful in implementing our business strategy and that there will be no material adverse developments in our business, liquidity or capital requirements. Our substantial indebtedness could have important consequences, including requiring a substantial portion of cash flow from operations to be dedicated to payment of principal and interest, reducing our ability to use cash flow for operations, capital expenditures, future business opportunities, and other general corporate purposes. If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional debt or equity capital or restructure or refinance all or a portion of our debt on or before maturity. We cannot assure our investors that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing and future indebtedness may limit our ability to pursue any of these alternatives. See "Risk Factors—Risks Related to the Notes and our Indebtedness—Our substantial leverage and significant debt service obligations could adversely affect our financial condition and our ability to fulfill our obligations and operate our business" and "Risk Factors—Risks Related to the Notes and our Indebtedness—We may be unable to generate sufficient cash flow to service all of our indebtedness and meet our other ongoing liquidity needs, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may be unsuccessful."

Liquidity following the Transactions

As of December 31, 2018, after giving *pro forma* effect to the Transactions, our total indebtedness would have been $2,702 million (including the notes offered hereby), $1,722 million of which would have been secured indebtedness under our term loan facility, and we would have had the ability to borrow an additional $267.5 million of secured indebtedness under our revolving credit facility (without giving effect to $0.9 million of outstanding letters of credit) and $250 million of secured indebtedness under the delayed draw term loan facility.

As a result of the Transactions, our liquidity requirements will also include servicing the $475.0 million of notes offered hereby, paying to the holders of the preferred equity any cash dividends, to the extent not paid in-kind, and the payment of interest and fees on the delayed draw term loan facility. We may draw amounts under our new revolving credit facility on the Acquisition Closing Date to (i) refinance or rollover any outstanding loans under the revolving credit facility, (ii) backstop or rollover any issued and outstanding letters of credit under the revolving credit facility, (iii) finance any original issue discount to be paid on the Acquisition Closing Date in connection with the notes offered hereby or (iv) finance a portion of the Transactions and/or for working capital on the Acquisition Closing Date in an amount up to $20 million. In addition, we intend to borrow under our $250 million delayed draw term loan facility to fund acquisitions (including acquisitions currently pending under signed letters of intent) and for other general corporate purposes. We do not expect to incur any borrowings under the delayed draw term loan facility on the Acquisition Closing Date if the delayed draw term loan facility is obtained on the Acquisition Closing Date. See "Capitalization," "Description of Certain Other Indebtedness" and "Description of Notes." We estimate that our annual cash liquidity requirements to service our senior secured credit facilities (assuming the revolving credit facility and the delayed draw term loan facility are undrawn), the Existing Notes and the notes offered hereby will be approximately $180 million. A one-eighth percent change in the weighted average interest rate associated with our senior secured credit facilities (assuming the revolving credit facility and the delayed draw term loan facility are undrawn) would result in a change in our annual interest expense of approximately $3.8 million.

We anticipate that our cash flows from operations, cash on hand and availability under the revolving credit facility will be sufficient to fund our liquidity requirements after the Transactions. We will manage our cash balances by utilizing available cash management strategies, which may include intercompany agreements, permitted dividends and hedging. However, our ability to service its indebtedness and to fund its other liquidity requirements will depend on our ability to generate and access cash in the future. This is subject to general economic, financial, contractual, competitive, legislative, regulatory and other factors, some of which are beyond our control, as well as the factors described in “Risk Factors.”

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.

For more information, including the material terms with respect to our senior secured credit facilities, the preferred equity, the Existing Notes and the notes, see “Description of Certain Other Indebtedness,” “Certain Relationships and Related Party Transactions—Preferred Equity Documentation” and “Description of Notes.”

Cash and Cash Equivalents

As of December 31, 2018, cash and cash equivalents totaled $149.7 million. As of December 31, 2018, we had $266.6 million available under our revolving credit facility, after giving effect to $0.9 million outstanding in letters of credit.

As an insurance broker, we collect premiums paid by clients and hold such cash, net of our earned commissions and other deductions, in trust in a fiduciary capacity until we remit the cash to the applicable insurance carriers that provide coverage to our clients. Our use of trust cash is restricted by contractual obligations and by law in certain states in which we operate. As permitted by law, we generally invest trust cash in cash and money market accounts and earn investment interest income on trust cash balances during the time between our receipt of the cash from our clients and the time the cash is remitted to the insurance carrier. Such cash held in trust is shown separately on our consolidated balance sheets under the caption “Trust cash,” and the interest income earned on these trust cash balances is reported as “Other income” in our consolidated statements of operations. In addition, we also have restricted cash that may be reserved for a specific purpose and therefore not available for immediate or general business use, which is shown in our consolidated balance sheet under the caption “Restricted cash.”

Cash Flows Provided by Operating Activities

Our operating activities primarily consist of net income (loss), adjusted for certain non-cash items including depreciation and amortization (including amortization of intangible assets), changes in estimated acquisition earn-out payables, deferred income taxes, equity-based compensation expense and the effect of changes in working capital and other activities.

Year ended December 31, 2018 and 2017. Net cash provided by operating activities was $113.5 million for the year ended December 31, 2018, as compared to $80.3 million for the corresponding period in 2017. The increase in net cash provided by operating activities for the year ended December 31, 2018 compared to the prior year were primarily due to the increase in net income and non-cash adjustments including amortization of acquired intangibles, deferred income taxes and changes in estimated earn-out payables.

Year ended December 31, 2017 and 2016. Net cash provided by operating activities was $80.3 million for the year ended December 31, 2017, as compared to $47.6 million for the prior year. The increase in net cash provided by operating activities for the year ended December 31, 2017 compared to the prior year was primarily due to the increase from working capital and other activities, including other assets, accrued expenses and accrued interest and increase in non-cash adjustments including debt extinguishment loss, amortization of acquired intangibles and equity-based compensation. These increases in operating activities were offset by the increase in net loss.

Cash Flows Used in 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.

Year ended December 31, 2018 and 2017. Net cash used in investing activities was $521.0 million for the year ended December 31, 2018, as compared to $440.4 million for the corresponding period in 2017. Increase in cash outflows in the investing activities during the year ended December 31, 2018 were mainly due to increase in cash consideration paid for the acquisition of insurance agencies, as well as $108.5 million of restricted cash through the refinancing of first lien term loans during November 2018 that is set aside to finance future acquisitions. These increases in cash outflows were offset by proceeds from sales of book of business and sales and maturities of fixed maturity securities.

Year ended December 31, 2017 and 2016. Net cash used in investing activities was $440.4 million for the year ended December 31, 2017, as compared to $239.7 million for the prior year. The increase in net cash used in investing activities for the year ended December 31, 2017 compared to the prior year was primarily due to the cash consideration paid for the acquisition of insurance agencies, including the acquisition of Keenan in March 2017.

Cash Flows Provided by Financing Activities

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

Year ended December 31, 2018 and 2017. Net cash provided by financing activities was $426.6 million for the year ended December 31, 2018, as compared to $411.3 million for the corresponding period in 2017. Financing activities during the year ended December 31, 2018 included $470.0 million of additional borrowings on the first lien term loans that were offset by quarterly principal payments on the first lien term loans and earn-out payments. Our financing activities during the comparable period in 2017 included $48.2 million of capital contribution from Parent, $500.0 million issuance of Existing Notes and $352.0 million incremental first lien borrowings that are offset by repayments and termination on the second lien term loans and outstanding borrowings under the revolving credit facility.

Year ended December 31, 2017 and 2016. Net cash provided by financing activities was $411.3 million for the year ended December 31, 2017, as compared to $185.6 million for the prior year. The increase in net cash provided by financing activities for the year ended December 31, 2017 compared to the prior year was primarily due to a capital contribution from the Seller, our parent company, incremental first lien borrowings and the issuance of the Existing Notes. These increases are offset by the repayment and termination of the second lien term loans and outstanding borrowings under the revolving credit facility.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual cash obligations as of December 31, 2018 adjusted to give *pro forma* effect to the Transactions:

		Payments Due By Period			
	Total	Less than one year	One to three years	Three to five years	More than five years
			(in thousands)		
Long-term debt[a]	$2,696,937	$ 19,757	$ 39,514	$ 39,514	$2,598,152
Interest on long-term debt[a]	1,159,558	158,748	357,221	359,930	283,659
Earn-out payables[b]	112,247	47,978	63,908	361	—
Capital lease obligations	2,458	973	1,443	42	—
Operating lease obligations	140,682	33,843	53,361	32,876	20,602
Other liabilities[c]	16,580	14,148	2,432	—	—
Contractual obligations	$4,128,462	$275,447	$517,879	$432,723	$2,902,413

(a) Figures assume that our new revolving facility and our delayed draw term loan facility each remain undrawn, and that our term loan facility, the Existing Notes and the notes offered hereby are repaid upon maturity, which may not be reflective of future events. Future interest payments are based on the assumed average interest rate utilized in the "Unaudited Pro Forma Consolidated Financial Data" for our senior secured credit facilities and the notes. Actual interest payments and repayment amounts may change and such changes may be material.

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

(c) Other liabilities, which exclude deferred income taxes and other non-cash long-term liabilities, represent the expected cash payments including purchase holdback liabilities, notes payable and other deferred consideration from acquisitions 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, results of operations or liquidity.

Recent Accounting Pronouncements

New Accounting Standards Adopted

In May 2017, the FASB issued ASU 2017-09, Compensation – Stock Compensation (Topic 718) – Scope of Modification Accounting ("ASU 2017-09") which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. These amendments should be applied prospectively to changes in terms and conditions of awards occurring on or after the adoption date. In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation (Topic 718) – Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09") which are intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments are effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. The adoption of ASU 2017-09 and ASU 2016-09 did not have a material impact on the our financial statements

New Accounting Standards Not Adopted as of December 31, 2018

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09). The amendments in ASU 2014-09 outline a single comprehensive model that replaces most existing US GAAP revenue recognition guidance and depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption is required for annual reporting periods beginning after December 15, 2018, as well as interim periods within annual reporting periods beginning after December 15, 2019 for non-public companies. An entity is required to apply the amendments using either the full retrospective approach or retrospectively with a cumulative effect of initially applying the amendments recognized at the date of initial application (the modified retrospective method). We are evaluating the transition method to be adopted, but currently expect to use the modified retrospective method.

A preliminary assessment to determine the impacts of ASU 2014-09 has been performed. Under ASU 2014-09, commission revenues, which are currently recognized at the later of the billing or effective date of the insurance policy, will be recognized on the effective date of the insurance policy, when the control of the insurance policy transfers to the customer. We will also be required to defer certain commission revenues to reflect the nature of on-going obligations and delivery of services over the contract period. In addition, contingent revenues, which are currently recognized when determinable, will be estimated and accrued in a consistent manner that the commission revenues are recognized. We also expect certain costs to fulfill, and, to obtain a contract will be capitalized and amortized on a systematic basis consistent with the transfer of the services to which they relate. We are implementing accounting and operational processes and controls to ensure compliance with the new standard, but are still evaluating the quantitative impacts the standard will have on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02). This amendment requires an entity to recognize lease assets and lease liabilities arising from most leases on the balance sheet by lessees. These amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years for non-public companies. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. While we are still evaluating the impact of adoption of this new guidance, it is anticipated that we will be required to record a right of use asset and corresponding liability related to its operating leases on the consolidated balance sheets upon adoption.

Qualitative and Quantitative Disclosures about Market Risk

We are exposed to financial market risks, including changes in interest rates and foreign currency exchange 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 loans and revolving loans under our senior secured credit facilities. Based on the amount of variable rate debt outstanding as of December 31, 2018, a 10% increase in the LIBOR rate would increase our interest expense by $1.6 million for the year ended December 31, 2018. Our Existing Notes bear interest at a fixed rate (as with the notes offered hereby) and we have no financial statement risk associated with changes in interest rates.

We utilize derivative instruments such as interest rate swaps to reduce our exposure to potential fluctuation in interest rates. In order to mitigate the variability of our interest payments and any future interest rate increase, we entered into two pay-fixed-receive-variable interest rate swap agreements effective January 2016 and another pay-fixed-receive-variable interest rate swap agreement effective September 2018. As of

December 31, 2018, notional value of the three interest rate swap agreements was $904.7 million. The interest rate swap agreements are expected to be effective until December 31, 2020 for the first two swap agreements; and December 31, 2021 for the third swap agreement that is effective September 2018. With the anticipated increase in the LIBOR yield throughout the year ended December 31, 2018, LIBOR rate exceeded the fixed rate of the first two interest rate swap agreements in July 2017. Since then, we started to receive payments from the derivative counter parties.

We performed a sensitivity analysis to assess the potential impact of hypothetical movements in interest rates on the fair value of our interest rate swaps as of December 31, 2018. The sensitivity analysis, while not predictive in nature, indicated that if LIBOR increased or decreased by 10%, the net asset with respect to the interest rate swaps would increase or decrease by $6.5 million. As a result, for the year ended December 31, 2018, a 10% increase of hypothetical movements in LIBOR would yield interest income from our derivative counterparties by an additional $1.8 million.

Foreign Currency Exchange Rate Risk

Our exposure to fluctuations in foreign currency exchange rates against the U.S. dollar results from our insurance operations mainly in the United Kingdom. Less than 1% of revenues are generated from these foreign operations. The functional currency of our United Kingdom subsidiaries is the British pound sterling (“GBP”). The market risk related to the foreign currency exchange rates is measured by estimating the potential impact of a 10% change in the value of the U.S. dollar relative to the GBP, based on a weighted average of the market rates in effect during the relevant period. Based on our foreign currency exposure as of December 31, 2018, a hypothetical 10% favorable or adverse movement in foreign currency exchange rates would not have a material effect on our consolidated financial statements.

BUSINESS

Our Company

We are one of the largest, fastest-growing, full-service insurance brokers in the United States, offering a broad range of property and casualty (“Property & Casualty” or “P&C”) and employee benefits (“Employee Benefits” or “EB”) insurance products and services to middle-market businesses, public institutions and high-net worth individuals. We have achieved significant growth in a highly fragmented and consolidating industry through a disciplined acquisition program, which targets accretive acquisitions, and by focusing on generating organic growth and profit margin expansion. In the United States, we were the twelfth largest insurance broker based on brokerage revenues generated in 2017 and the fifth largest independent P&C insurance broker based on brokerage revenues generated in 2017. We have a highly diversified revenue base with high revenue and producer retention rates. For the year ended December 31, 2018, we generated total revenue of $1,059.4 million, on a historical basis, and Standalone Adjusted EBITDA of $319.6 million and Adjusted EBITDA of $347.7 million, each on a *pro forma* basis. For definitions of Standalone Adjusted EBITDA and Adjusted EBITDA and related reconciliations to net income (loss), the nearest GAAP measure, see “Non-GAAP Financial Measures” and footnote (5) in “—Summary Historical Consolidated and Unaudited Pro Forma Consolidated Financial Data.”

We believe we are one of only a few insurance brokers with both national scale and a strong local presence within its markets. Our organizational structure is comprised of our corporate headquarters from which we manage our 10 regions. Our corporate headquarters develops our overall growth strategy and other initiatives, identifies cross-selling opportunities, coordinates knowledge-sharing across markets and performs general administrative oversight and accounting, legal and information technology functions. Each region has its own management team that assists in the implementation of our overall growth strategy, including identifying acquisition prospects and integrating smaller tuck-in acquisitions, while also managing the day-to-day operations of the offices within its region. Our structure provides us with the ability to leverage the deep local knowledge of our producers and local leaders and the flexibility to respond quickly to changes in local markets, as well as the benefits of a national brokerage network, such as economies of scale, operating efficiencies and greater influence in carrier relationships. As of December 31, 2018, we operated approximately 226 offices in 36 states across the United States and the United Kingdom with approximately 1,000 producers.

Our Products and Services

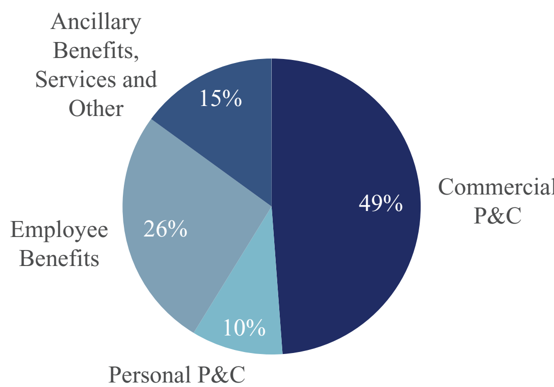
We offer an extensive portfolio of more than 250 products and services from more than 1,700 insurance carriers to over 400,000 clients. No material part of our business depends upon a single customer or on a few customers. For the year ended December 31, 2018, our top client accounted for less than 1% of our commissions, while our top ten clients represented approximately 2.9% of our commissions. We serve a variety of industries, such as real estate, construction, public entities, healthcare and senior living, manufacturing, forestry, life sciences, hospitality, asset management, entertainment, technology, non-profit, retail, trade and others. Our product lines are:

- *Property & Casualty*. Our P&C products and services are comprised of a full range of insurance lines that we offer to our commercial middle-market business clients as well as school districts in California (“Commercial P&C”), which includes property, workers’ compensation, surety bonds, aviation, commercial auto and professional liability insurance, and P&C coverage that we provide to high-net worth individuals (“Personal P&C”), which includes higher-end homes, secondary homes, valuable articles and yachts. We work with nearly all of the major commercial property and casualty insurers, and for the year ended December 31, 2018, no carrier contributed more than 11.1% to our P&C premium. For the year ended December 31, 2018, Commercial P&C generated $517.4 million, or 48.9%, of our total revenue while Personal P&C generated $105.1 million, or 9.9%, of our total revenue.

- *Employee Benefits*. We place EB products and provide consulting services on both fully-insured and self-insured employee benefit plan structures, as well as administrative support. We primarily target businesses with greater than 50 employees. We work with nearly all of the major medical and ancillary carriers, and for the year ended December 31, 2018, no carrier contributed more than 15.9% of our EB premium. For the year ended December 31, 2018, EB generated $278.6 million, or 26.3%, of our total revenue.

- *Ancillary Benefits, Services and Other*. Ancillary benefits include life, disability and dental insurance, as well as risk management, consulting and third-party administration services. We work with essentially all of the ancillary benefits insurers. Services primarily include insurance and financial solution services to public agencies and healthcare industries in California. For the year ended December 31, 2018, ancillary benefits, services and other generated $158.3 million, or 14.9%, of our total revenue.

The following chart illustrates the percentage of revenues generated from each product line for the year ended December 31, 2018:



Our Industry

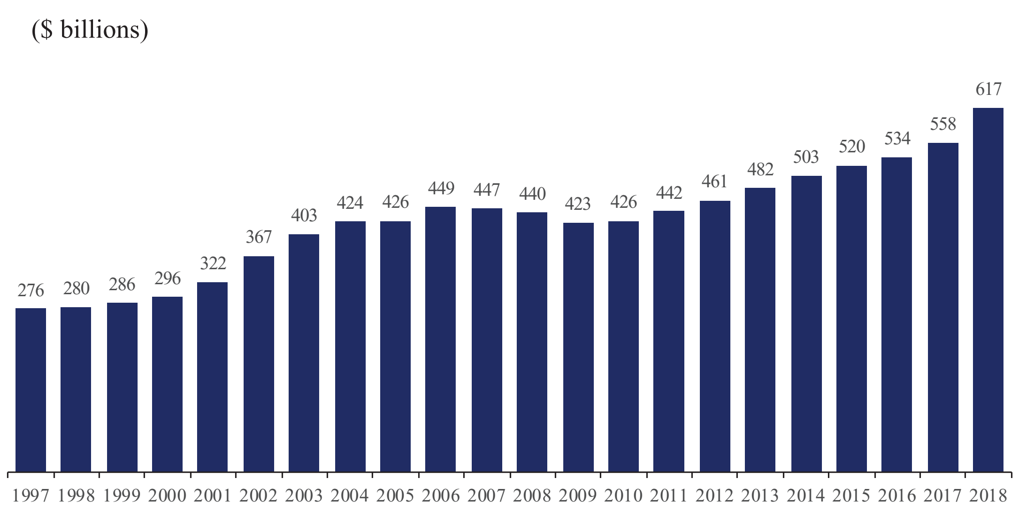
The property and casualty insurance market, based on total net premiums written data provided by S&P Global Market Intelligence, has grown at a compound annual growth rate ("CAGR") of 4.7% per year from 2010 to 2018, and we believe that these markets will continue to enjoy stable growth. Insurance brokers represent a strong value proposition for insurance carriers by serving as a fully outsourced sales force and after-sales customer service function, with a variable cost structure that can be managed quickly. We believe that this, combined with increasingly complex insurance products and an expanding list of risks that require insurance, will continue to drive the growth of the insurance brokerage market.

Except for a selection of large, global insurance brokerages, such as Marsh & McLennan Companies, Inc., Aon plc and Willis Towers Watson, the remainder of the market is made up of mid-sized to large regional brokerages and local participants. The middle-market insurance brokerage industry in the United States is highly fragmented and local in nature. We believe that such market fragmentation provides significant room for revenue growth, both organically and through acquisitions. In addition, the average age of producers has increased, providing opportunities for competing insurance brokerages to either acquire their books of businesses or form new relationships with their clients.

Property & Casualty Market. Insurance brokers principally serve businesses, public institutions and individual clients by placing P&C insurance coverage on their behalf with insurers and by providing risk management services. Through their knowledge of the insurance markets and strong relationships with carriers, insurance brokers assist such businesses, institutions and clients seeking insurance coverage by negotiating competitive rates and policy terms and conditions. Insurance brokers also serve as a distribution channel for insurers and often perform much of the administrative and customer service functions that insurers would have to otherwise perform were they to sell insurance coverage directly.

P&C premium rates 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 revenues, 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 decreased commission revenues. 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 in the small and mid-sized markets generally try to maintain their overall insurance cost by reducing coverage, self-insuring some risks and maintaining higher deductibles. As a result, we believe the amount of premium expended by many small- and medium-sized businesses and resulting brokerage commission revenue tends to be less volatile than premium rates. In general, and over the long term, we believe net written insurance premiums have grown consistently with underlying insured values and the overall economy.

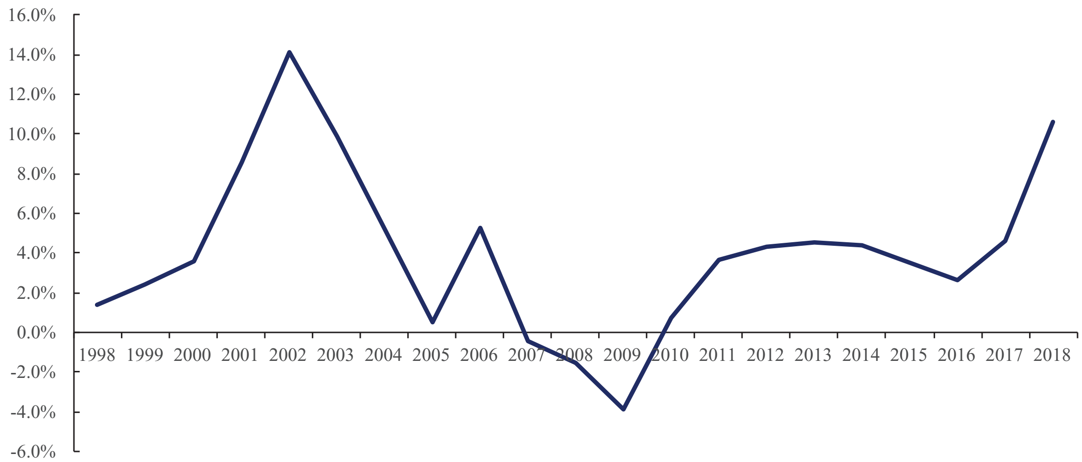
The following chart illustrates the net premium written in the property and casualty market for the periods presented:



Source: S&P Global Market Intelligence

The following chart illustrates the growth of the property and casualty market for the periods presented:

Property and Casualty Market Growth(1)



(1) Represents year-over-year growth of written net premiums. Source: S&P Global Market Intelligence.

Employee Benefits Market. EB brokers and consultants principally serve businesses and their employees by providing access to individual and group medical, life and disability insurance products and services. In addition to functioning as a distributor, EB brokers and consultants may also provide advice on benefit plan design. By working with brokers that offer single-source solutions for employee benefits insurance, consulting and administration needs, businesses can fully outsource their employee benefits program design, management and administration without committing the time and cost of in-house staff or investing substantial capital in in-house technology solutions.

Demand for group employee benefits products and services is largely driven by employment levels, whereas employee benefits premium rates tend to increase with medical cost inflation. As businesses continue to struggle with pension deficits, healthcare costs and importantly, the changing regulatory environment, and as employee benefits become an increasingly significant expense for businesses, we believe the role of insurance brokerage firms in the employee benefits market will continue to be important.

Our Competitive Strengths

We believe our following competitive strengths have been instrumental to our success and position us well to profitably grow our business:

Leading Middle-Market Broker in an Attractive Industry with Strong Fundamentals. We are a leading insurance broker, operating in an attractive industry with strong fundamentals. The P&C insurance market, based on total net premiums written data provided by S&P Global Market Intelligence, has grown at a CAGR of 4.7% from 2010 to 2018, and we believe these markets will continue to enjoy stable growth. We focus in particular on the middle-market segment of the insurance brokerage industry, which is largely served by smaller regional and local firms who typically focus on relationship selling and often lack the size and scale to leverage large premium relationships with insurers. We believe our national scale and strong expertise, combined with our flexible organizational structure, will allow us to continue to expand our leadership position within the U.S. middle-market segment of the insurance brokerage industry.

Highly Diversified Revenue Base. Our revenue base is highly diversified across product lines, geographies, clients and producers, which limits our exposure to changes in industry and sector volatility, regional market fluctuations and individual producer performance and reduces our reliance on any individual client relationship. For the year ended December 31, 2018, our top client and producer each accounted for less than 1% of our commissions, our top ten clients represented approximately 3% of our total revenue and our top ten producers accounted for approximately 3% of our total revenue. Through our revenue-generating relationships with more than 1,500 insurance carriers, we are able to provide our clients with an expansive portfolio of products and services at competitive prices and increase our negotiating leverage. For the year ended December 31, 2018, no single insurance carrier represented more than 6% of our total revenue.

High Producer and Revenue Retention. Our average producer retention rate and revenue retention rate has exceeded 97% and 94%, respectively, in each of the last three years. To retain our key producers, we have developed a compensation and incentive structure, including long-term equity-based retention and incentive programs, that aligns our producers with our growth goals and invested in sales leadership recognition and training programs and initiatives to educate and motivate our producers. In addition, our producers typically sign two-year customer non-solicit and no-hire agreements, while owners of acquired businesses are required to sign non-compete agreements that run five years from the date of acquisition. We believe our low producer turnover rate, together with our strong, long-term customer relationships, provides us with increased visibility regarding future revenues.

Strong Free Cash Flow Generation and Low Capital Expenditure Requirements. We have consistently delivered strong free cash flows, driven by high Standalone Adjusted EBITDA margins, low working capital and light capital expenditure requirements, which have averaged less than 1% of revenue over the last three years. In addition, as a result of our many acquisitions, which are often structured as asset purchases, we also benefit from large amounts of tax-deductible amortization expense. We believe that strong free cash flow generation affords us opportunities to strategically invest in our business and to access debt capital, allowing us to fuel growth both organically and through continued strategic acquisitions.

Proven Executive Leadership Team with a Long-Term Track Record of Value Creation. Led by Jim Henderson, our Chief Executive Officer and Chairman of the Board of Directors, and Tom Riley, our Chief Operating Officer, President and a Director, our senior management team has considerable insurance brokerage experience, with an average of 25 years of experience in the insurance brokerage industry, and is operationally focused. Our senior management team has successfully grown our business through a series of disciplined acquisitions and organic growth initiatives. We believe our management has the vision, experience and network of relationships to continue our successful growth.

Our Business Strategies

We intend to grow our business by pursuing the following strategies:

Continue to Pursue Highly Accretive Acquisitions. We plan to continue growing our business by selectively entering new regional markets and expanding our product and service portfolio through sustained execution of our disciplined and selective acquisition strategy. Our dedicated twelve-person in-house M&A team is exclusively focused on leveraging our senior management's deep industry relationships to source proprietary and highly accretive opportunities that meet our stringent criteria. This approach, combined with our brand reputation, the reputation of our senior executives and our team-oriented and entrepreneurial environment, has allowed us to attract high-quality insurance agencies to join our organization. We have a strong track record of completing acquisitions for which letters of intent have been signed, with a successful completion rate of approximately 93% based on the revenues of the companies and businesses acquired over the past three years. Since 2015, we have successfully executed and integrated 173 acquisitions of agencies and books of businesses, with annual combined revenues and Adjusted EBITDA of approximately $757 million and $230 million, respectively, for the most recent fiscal twelve-month period prior to the date of consummation of each acquisition. The acquisitions completed from 2015 to 2018 had an attractive average upfront purchase price multiple of 8.3 times. We continue to pursue a robust acquisition pipeline, with signed letters of intent for 12 brokerage acquisition prospects as of April 26, 2019.

Sustained Focus on Organic Revenue Growth. We continue to focus on organic revenue growth through producer recruitment efforts and by restructuring our compensation and performance model to optimize our existing sales force. In 2016, we hired a Chief Organic Growth Officer to elevate our organic growth efforts and implement new strategic initiatives. We have initiated regional and national sales contests to incentivize selling efforts, developed clear company-wide benchmarks and expectations for our producers as part of an annual review process, and instituted company-wide enhanced onboarding and training programs designed to develop talent and promote long-term relationships with producers. In addition, we have also invested in the development of industry-specific verticals, such as senior living, transportation, aviation, construction, architect and engineering, in order to increase retention of existing business and facilitate growth of new business. We believe we are in the early stages of realizing the benefits of our Chief Organic Growth Officer's growth initiatives.

Achieve Operational Efficiencies and Margin Improvements. We strive to increase margins both through revenue growth initiatives (through both the growth of new business as well as improvement in revenue retention) and proactive expense management. We had approximately $1,059.4 million of total revenue for the year ended December 31, 2018, which increased approximately 25% compared to the prior year period, and we believe that our revenue growth initiatives will allow us to continue to grow our revenues. We have sought to improve our cost structure by increasing standardization across our organization by using centralized information technology, accounting centers, human resources, purchasing and real estate management. To optimize our cost structure, we have established target sales levels and operating costs across our offices and product lines. We regularly review the efficiency metrics and margins across our company to identify underperforming offices, producers and product or service lines. We also have a team of highly seasoned insurance agency operators who travel throughout the regions in which we operate to assist our local and regional leaders in identifying and executing strategies to capitalize on opportunities for operational improvements.

Our Acquisition Platform

The disciplined and selective acquisition of high quality brokerages to expand our product and service portfolio and enter into new regional markets has been and will continue to be a very important part of our growth strategy. We have a dedicated fifteen-person in-house M&A team with business, accounting, legal and financial expertise that is exclusively focused on leveraging our senior management's deep industry relationships to source proprietary and highly accretive opportunities. We evaluate every acquisition candidate based on stringent criteria, including size, geographic and industry fit, operating performance and quality of the existing management team.

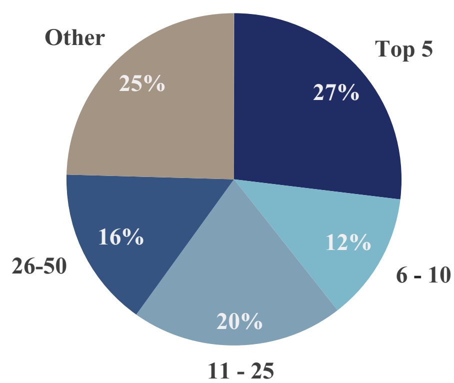
We believe that our broad infrastructure and national network offers acquisition targets the opportunity to grow and expand their business. These factors, combined with our brand reputation, reputation of our senior executives and our team-oriented and entrepreneurial environment, provides us with a competitive advantage and has allowed us to minimize participation in competitive auction processes. We have a strong track record of completing acquisitions for which letters of intent have been signed, with a successful completion rate of approximately 93% based on the revenues of the companies and businesses acquired over the past three years. In addition, we typically structure our acquisitions to include contingent or "earn-out" consideration to align our and the target's incentives and encourage retention of key producers acquired. We generally aim to allocate approximately 5% to 20% of the purchase price as deferred consideration payable over one to three years, contingent upon the performance of the acquired brokerage or producers, which is typically based on the achievement of specified revenue, earnings or other financial performance measures in future periods after the consummation of the acquisition. We believe this deal structure ensures that producers remain committed to growth and profitability after joining our organization.

Since 2015, we have successfully executed and integrated 173 acquisitions of agencies and books of business, with annual combined revenues and Adjusted EBITDA of approximately $757 million and $230 million, respectively, for the most recent fiscal twelve-month period prior to the date of consummation of each acquisition. The majority of these acquisitions have been smaller regional or local P&C and EB brokerage operations in new and existing markets that are complementary to our existing business. The acquisitions completed from 2015 to 2018 had an attractive average upfront purchase price multiple of 8.3 times. For more information on our acquisitions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Combinations" and Note 2 to our audited historical consolidated financial statements included elsewhere in this offering memorandum. We continue to pursue a robust acquisition pipeline, with signed letters of intent for 12 brokerage acquisition prospects as of April 26, 2019.

Insurance Carriers

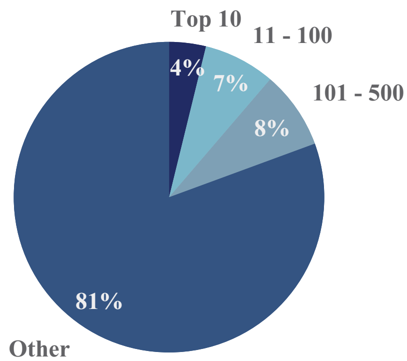
We maintain relationships with more than 1,700 insurance carriers. In our P&C line, we work with nearly all of the major commercial property and casualty insurers, and no carrier contributes more than 11.1% to our P&C premium. Within our EB business, we work with nearly all of the major medical and ancillary carriers, and no carrier contributes more than 16% of our employee benefits premium. For the year ended December 31, 2018, no single insurance carrier represented more than 6.1% of our total revenue.

In the event any one carrier becomes unavailable to us, we believe that we have sufficient alternative markets for significant carriers and lines of coverage to continue providing appropriate coverage to our clients. The following chart illustrates the percentage of premiums from our carrier base for the year ended December 31, 2018:



Customers and Industries

We offer our extensive portfolio of products and services to over 400,000 clients, who are primarily middle-market businesses, public institutions and high-net worth individuals. No material part of our business depends upon a single customer or on a few customers, and we believe the loss of any one customer would not have a material adverse effect on our operations. For the year ended December 31, 2018, our top client accounted for less than 1% of our commissions, while our top ten clients represented approximately 2.9% of our commissions. The following chart illustrates the percentage of commissions attributable to our client base for the year ended December 31, 2018:



In addition, 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 industry.

Competition

Except for ten to 15 large, global insurance brokerages, such as Marsh & McLennan Companies, Inc., Aon plc and Willis Towers Watson, the remainder of the market is made up of mid-sized to large regional brokerages and local participants. The middle-market insurance brokerage industry in the United States is highly fragmented and local in nature. We primarily compete with these mid-sized to large regional insurance brokerages, and also with local participants in certain markets where no single insurance brokerage has established a significant presence. We believe that we are in a favorable competitive position because of our national presence, extensive portfolio of products and services, reputation and management experience.

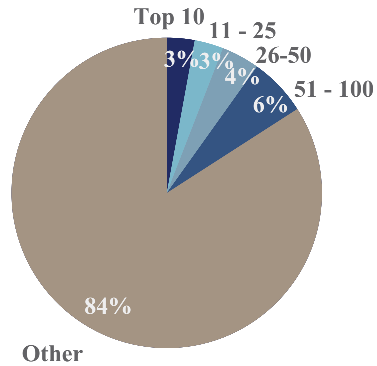
The insurance brokerage industry is very competitive as it relates to acquisitions. Consolidation among insurance brokerages has been a significant trend for several years. This consolidation has been led by national, publicly traded or privately owned corporations that consolidate small to medium size independent insurance brokerages to strengthen their competitive position and increase market share. We compete with other insurance brokerages, insurance carriers, banks, private equity funds and other financial services companies with respect to acquisitions of insurance brokerages.

Employees

We had approximately 5,500 employees, including approximately 1,000 producers, as of December 31, 2018. None of our employees or producers are represented by a labor union. We believe we have excellent relations with our employees and producers.

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 (other than producers 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.

No material part of our business depends upon a single producer or a group of producers. For the year ended December 31, 2018, our top producer accounted for less than 1% of our commissions, our top ten producers represented approximately 3% of our commissions. The following chart illustrates the percentage of commissions generated by our producers for the year ended December 31, 2018:



Industry Regulation

Our industry is subject to regulation and legal requirements and governmental regulatory supervision in the United States and the United Kingdom as well as in each state, province and territory 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

The Gramm-Leach-Bliley Act and the Health Insurance Portability and Accountability Act of 1996 introduced comprehensive privacy laws in the United States to protect privacy of individuals from undisclosed or non-consensual sharing of sensitive information for commercial purposes. There are similar privacy laws in the United Kingdom. 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 “Trust cash” 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.

Legal Proceedings

We are subject to various claims, lawsuits and proceedings that arise in the ordinary course of business. We establish an accrual where it is probable a liability has been incurred and the amount of the liability can be reasonably estimated based on opinions and views of legal counsel and other advisors. Except as discussed below, we do not believe we are a party to any claims, lawsuits or legal proceedings that will have a material adverse effect on our reported results of operations.

In 2016, we hired certain producers and support staff who were formerly employed by a competing agency and, consistent with customary practice in the insurance intermediary industry, we made an offer to the competing agency to acquire the books of business for the customers of such producers. On June 15, 2016, the competing agency filed a lawsuit against us, claiming certain violations of post-employment restrictive covenants of those former producers. Those former producers asserted counterclaims against their former employer for breach of their employment agreements and breach of implied condition of their employment agreements. On February 28, 2017, we entered into a settlement agreement and paid $20.0 million to the competing agency to secure, among other things, the release of the post-employment restrictive covenants for such producers. We also obtained a dismissal of any existing litigation between us and the competing agency. As additional consideration for the release of the post-employment restrictive covenants, we agreed to certain provisions limiting our ability to hire producers from the competing agency for six months nationally and eighteen months locally. See “Risk Factors—Risks Related to our Business—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” and Note 12 to our audited historical consolidated financial statements included elsewhere in this offering memorandum.

MANAGEMENT

After consummation of the Transactions, the members of our board of directors and our executive officers are expected to be as follows:

Directors and Executive Officers	Age	Principal Occupation or Position
Jim Henderson	73	Chief Executive Officer and Chairman of the Board
Tom Riley	63	Chief Operating Officer, President and Director
Paul Vredenburg	47	Chief Acquisition Officer, Executive Vice President and Director
Dean Curtis	49	Chief Financial Officer and Executive Vice President
Stan Kinnett II	38	General Counsel, Executive Vice President and Corporate Secretary
Steve Deal	65	Eastern Regions President, Executive Vice President
Joe Guercio	45	Executive Vice President of Operations
Ty Beba	43	Executive Vice President, Chief Organic Growth Officer
Tony Mattioli	61	Chief Information Officer
Tom Kozera	66	Regional President, Head of Regional Leaders Group
Randy Larsen	56	Western Regions President, Executive Vice President
Sean Smith	59	Regional President and Director
Stuart Yarbrough	68	Chief Executive Officer of Keenan and Director
G. Larry Wilson	72	Director
Dennis Casey	66	Director
David Donnini	53	Director
Aaron Cohen	43	Director
Tom Ehrhart	32	Director
Ashish Karandikar	40	Director
Nedu Ottih	31	Director
Forrest Wilkinson	28	Director

Jim Henderson

Jim Henderson, Chairman of the Board of Directors and Chief Executive Officer, has served in this capacity since founding the Company in March 2011. Jim has over 40 years of experience in the insurance brokerage industry. He began his career as a certified public accountant with Ernst & Ernst. For ten years, he served as Chief Financial Officer and Executive Vice President with Ormond Reinsurance Group. From there, he spent 25 years with Brown & Brown, a publicly traded national insurance brokerage, progressing from Chief Financial Officer and serving as Vice Chairman and Chief Operating Officer from 2007 through his retirement in August of 2010.

Jim has served on various public, private and non-profit boards, including Embry-Riddle Aeronautical University (as Chairman), Ironshore Insurance Co., Citizens Property Corporation, Hallmark Insurance Co., Florida Hurricane Catastrophe Fund, certain private equity portfolio companies, The CIAB, Ronald McDonald Homes and the business school at Stetson University. He is a Chartered Property Casualty Underwriter, former Certified Public Accountant and earned his B.S. degree from Florida State University in Accounting and Economics.

Tom Riley

Tom Riley, President and Chief Operating Officer, has led the growth and structure of the Company's operations since co-founding it in March 2011. Tom began his career as a Certified Public Accountant with Ernst & Young where he spent eight years. He later went on to spend more than twenty years with a publicly traded national insurance brokerage. Tom earned an M.B.A. and a B.S. in Accounting from the University of Kentucky.

Paul Vredenburg

Paul Vredenburg, Chief Acquisitions Officer and Executive Vice President, partnered with Jim Henderson and Tom Riley in 2011 to form AssuredPartners. Paul began his career with Ernst & Young, as a tax consultant, focusing on insurance and financial services before spending eleven years in the insurance brokerage industry at Brown & Brown, Inc. and Marsh Berry & Co. in various merger and acquisition roles. Paul holds a B.B.A. in Accounting from the University of Notre Dame and is a Certified Public Accountant as well as an Accredited Advisor of Insurance.

Dean Curtis

Dean Curtis, Chief Financial Officer, joined the Company in January 2012. Dean began his career in 1994 at Arthur Andersen, LLP, a Chicago-based accounting firm, before joining MPS Group, Inc. in 1997. At MPS Group, Dean worked his way up from Director of SEC reporting to Vice President and Controller and then to Chief Accounting Officer. Dean earned B.S. degrees in Multinational Business Operations and Accounting from Florida State University and is a Certified Public Accountant.

Stan Kinnett II

Stan Kinnett, General Counsel, Executive Vice President & Corporate Secretary, joined the Company at its inception in March 2011 and has worked with Company's senior executives since 2008. Stan has chief responsibility for all aspects of the Company's legal department, including oversight of Company's legal process on acquisitions. Stan began his legal career as a corporate attorney at Fowler White Boggs P.A., working primarily on corporate and securities matters and acquisitions for publicly-traded and privately-held businesses in a variety of industries. He is a licensed property and casualty insurance agent in the state of Florida and holds a designation as an accredited adviser in insurance. He received his B.A. degree in International Relations, with honors, from Eckerd College and his J.D., with honors, from Stetson University College of Law.

Steve Deal

Steve Deal, Director of Sales, Executive Vice President, joined the Company in April 2013. Steve has more than forty years in the industry as a regional leader, agency president and producer. Steve dedicated nearly twenty five years to the formation and building of Hilb Rogal & Hobbs. While there, he led the retail region and participated in numerous Hilb Rogal & Hobbs acquisitions. Steve attended Virginia Commonwealth University in Richmond and received a B.S. in Business Administration.

Joe Guercio

Joe Guercio, Vice President of Operations, joined the Company in April 2016 and is responsible for successfully integrating new agency acquisitions and achieving overall operating efficiencies throughout the existing platforms and offices for the Company. Joe graduated from the University of Central Florida with a B.S. in Accounting. He is a Certified Public Accountant in Florida and currently holds the Certified Insurance Counselor and Accredited Advisor of Insurance designations.

Ty Beba

Kutay "Ty" Beba, Executive Vice President, Chief Organic Growth Officer, joined the Company in July 2016. In this capacity, Ty is responsible for enhancing the organic growth, recruitment of sales talent, and leadership. His role includes development of initiatives for the production team and the national expansion of our sales culture. Ty is a graduate from the University of Colorado (Denver) with a degree in Business with concentration in Finance. He has earned the designations of Chartered Property Casualty Underwriter, Certified Insurance Counselor, Associate in Risk Management, and Associate in Claims, and holds Producer licenses in 36 states.

Tony Mattioli

Tony Mattioli, Chief Information Officer, focuses on technology solutions and efficiencies throughout the Company. With more than thirty-five years of experience in the property/casualty insurance business, Tony has held a number of senior executive positions, including former Chief Information Officer at Marsh for the Risk and Insurance Services Group, and former President and co-founder of Dovetail Insurance (now part of Marsh). Tony began his career at Policy Management Systems Corporation where he spent twenty years in various software development, operations and sales positions in the U.S. and Europe. Tony is a graduate of the University of Connecticut with a degree in economics.

Tom Kozera

Tom Kozera, Chief Executive Officer of Assured SKCG, joined the Company in November 2011 and oversees the Northeast Region for the Company. He started his career with the Insurance Company of North America, where he gained extensive experience in actuarial, bonds, claims and commercial underwriting. From there he moved to a major insurance brokerage where, as a senior executive, he handled all aspects of agency management as well as many national accounts. Tom has more than 30 years of experience in the industry. Tom is a graduate of College of Insurance with a degree in business and insurance risk management.

Randy Larsen

Randy Larsen, Regional President—Central States, joined the Company in 2012. He began his career in 1986 in the banking industry, at American National Bank, Scottsdale, Arizona. In 1998, after 13 years in commercial lending, ultimately as a Kansas City market president for Mercantile Bancorp, a publically traded bank, Randy launched his insurance career at Schifman Remley Associates ("SRA"). Randy served as a producer and sales manager prior to becoming an agency partner in 2007. Following the sale of SRA to AssuredPartners in December 2012, Randy assumed the role of President of Assured SRA. In his current role as the Company's Regional President, Randy oversees the growing central states platform, currently with agencies in Minnesota, Illinois, Kansas, Missouri, Colorado, and Texas. Randy earned his B.S. in Finance from Nebraska Wesleyan University.

Sean Smith

Sean Smith, Regional President, joined the Company in connection with the acquisition of Keenan in March 2017. During his years at Keenan, Sean progressed through several previous sales and management positions, from Account Executive, then leadership of the northern California sales team, before returning to the Torrance headquarters to head up operations for the Schools Division. Prior to joining Keenan in 1989, Sean served as a major accounts manager for Anthem Blue Cross, where he handled large commercial and school clients. He began his career at Prudential Insurance Company where he developed and negotiated their first preferred provider organization, and conducted cost management analysis for commercial clients. Sean graduated from the University of Redlands (California) with a Bachelor of Science degree in Political Science and Economics.

Stuart Yarbrough

Stuart Yarbrough serves as a Board member of the Company. His professional experience includes over 24 years in public accounting, primarily with Ernst & Young and BDO Seidman, LLP. Since June 2008, Mr. Yarbrough has been a private investor. From February 2007 through its final distributions during June 2008, Stuart served as the chief executive officer of 3Point Capital Partners, a private equity firm. From 1994 through February 2007, Stuart was a principal at CrossHill Financial Group Inc., a company he co-founded, which provided investment banking services and venture debt financing to growth companies. Stuart previously served on the board of directors of Solera Holdings, Inc. and DigitalNet Holdings, Inc., as well as several other public companies. Stuart has a B.A. in management sciences from Duke University.

G. Larry Wilson

G. Larry Wilson serves as a Board member of the Company. Larry is an advisor to Apax, Aquiline Capital Partners and McKinsey & Company. He is also Chairman of Ventus Risk Management and is a board member of several insurance and technology sector companies. He was also the founder and former Chairman of the Board, President and Chief Executive Officer of Mynd Corporation/Policy Management Systems Corporation for 26 years. He was also a co-founder and former managing general partner of Trelys Venture Partners. Larry has a B.S. in marketing from University of South Carolina and an M.B.A. from University of South Carolina.

Dennis Casey

Dennis Casey serves as a Board member of the Company. Dennis has 41 years of experience in healthcare financing and related employee benefits businesses. Dennis retired from Anthem Blue Cross and Blue Shield in December, 2013 where he served as Senior Vice President for Individual and Group Business. Since his retirement in 2013, Dennis founded Sunnyslope Consulting, LLC., a healthcare consulting group that focuses on small and mid-size healthcare companies. In addition to his consulting practice, Dennis serves on a variety of corporate and not-for-profit boards, including DDI Ireland, Equian Inc., Indiana Hemophilia and Thrombosis Center Inc., Health Resources Inc. and Angel MedFlight. He holds a B.S.B.BA. in management from Georgetown University, an M.B.A. from the Kelley School of Business at Indiana University and a C.L.U. from the American College.

David Donnini

David Donnini is a Managing Director of GTCR, LLC where the leads the Growth Business Services group. He is currently a director of AssuredPartners, Fairway Outdoor, Park Place Technologies, Sotera Health and Vivid Seats. Dave was previously a director of past GTCR investments such as Classic Media (Boomerang Media), Cambridge Protection, Coinmach, Gensar, GreatCall, HSM Electronic Protection Services, Ironshore, Land Lease Group, Polypore, Prime Succession, Protection 1 and Syniverse. Dave joined GTCR, LLC in 1991. Prior to joining GTCR, LLC, he worked as an Associate Consultant at Bain & Company. Dave holds an MBA from Stanford University, where he was an Arjay Miller Scholar and Robichek Finance award-winner, and a BA in economics summa cum laude from Yale University.

Aaron Cohen

Aaron Cohen is a Managing Director of GTCR, LLC and a member of the Financial Services & Technology group. Aaron currently is a director of AssuredPartners, Optimal Blue, Opus, Paya and RevSpring. In addition, Aaron was previously a director of Callcredit Information Group, Fundtech, Ironshore, Premium Credit Limited and Protection 1. Aaron joined GTCR, LLC in 2003. He previously worked at Hicks, Muse, Tate & Furst and in the Mergers & Acquisitions group of Salomon Smith Barney. He holds a BS in accountancy with high honors from the University of Illinois at Urbana–Champaign.

Tom Ehrhart

Tom Ehrhart is a Vice President of GTCR, LLC and a member of the Growth Business Services group. Tom is currently a director of AssuredPartners and Vivid Seats. His GTCR deal experience includes GreatCall, Park Place Technologies and Protection 1. Tom joined GTCR, LLC in 2012. Prior to joining GTCR, LLC, he worked as an investment banking analyst at Credit Suisse advising insurance clients in the financial institutions group. He holds a BA in economics from Georgetown University.

Ashish Karandikar

Ashish Karandikar is a Partner at Apax Partners LLP ("Apax Partners") in the Services team based in New York. Ashish joined Apax Partners in 2007 and has led and participated in a number of key deals including

AssuredPartners, Authority Brands, Dealer.com, Garda, HUB International, Ideal Protein, Quality Distribution, TIVIT and Tosca Services. Prior to joining Apax Partners, Ashish was an investment banker at Morgan Stanley in the Mumbai and New York offices where he specialized in advising clients on mergers and acquisitions and financing transactions and in evaluating investments in real estate. Ashish holds an MBA (Honors) from the University of Chicago and a BCom from the University of Mumbai where he was valedictorian of his class. In addition, Ashish is a qualified Chartered Accountant.

Nedu Ottih

Nedu Ottih is a Principal at Apax Partners in the Services team. He joined Apax Partners in 2012 and is currently based in New York. Nedu's Apax deal experience includes AssuredPartners, Authority Brands, Quality Distribution, Tosca Services, and the take-private of Garda World Security Corporation. He serves as a Director of AssuredPartners, Authority Brands, Quality Distribution and Tosca Services. Prior to joining Apax Partners, Nedu was a management consultant at McKinsey & Company's Corporate Finance practice in New York, where he advised clients from financial services and other industries. Nedu holds a BS and MS in Management Science and Engineering from Stanford University and an MBA from Harvard Business School.

Forrest Wilkinson

Forrest Wilkinson is a Vice President at Apax Partners in the Services team. He joined Apax Partners in 2014 and is currently based in New York. His Apax deal experience includes AssuredPartners, Paycor and Quality Distribution. Prior to joining Apax Partners, Forrest was an Analyst in the Mergers & Acquisitions Group at Evercore Partners in New York. Previously, he worked as an Analyst in the Global Industrials Group at Bank of America Merrill Lynch, where he helped advise corporate clients on mergers & acquisitions and capital markets transactions. Forrest holds an MBA from the Stanford Graduate School of Business, where he was named an Arjay Miller Scholar. He also holds a BBA in Finance and a BA in Plan II Honors with Special Honors from the University of Texas at Austin.

SECURITY OWNERSHIP

Immediately following the Transactions, AssuredPartners will be a wholly-owned subsidiary of Holdings, which is a wholly-owned subsidiary of TopCo, which is a subsidiary of Parent. We expect that GTCR and certain of the Co-Investors (other than Apax and HPS), Apax and management will own, directly or indirectly, in the aggregate, approximately 50%, 26% and 24%, respectively, of Parent's outstanding common equity interests, Parent will own all of TopCo's outstanding common equity interests and HPS will own all of TopCo's outstanding preferred equity interests. Certain members of the board of directors affiliated with GTCR or Apax may be deemed to beneficially own the equity interests owned by GTCR or Apax, 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

Related Party Transactions

Parent Organizational Documents

Upon consummation of the Transactions, TopCo will be a direct, wholly-owned subsidiary of Parent. We expect that, simultaneously with the consummation of the Acquisition, certain investment entities affiliated with the Sponsors will enter into an amended and restated limited partnership agreement of Parent (the "LP Agreement") and an amended and restated limited liability company agreement of Parent GP (such agreement, the "LLC Agreement" and, together with the LP Agreement, the "Organizational Documents"), with certain members of management of the Company who exchanged equity interests in TopCo for equity interests of Parent (the "Management Investors," and together with the Sponsors, the "Investors").

The Organizational Documents will contain agreements among the Investors with respect to the election of officers and managers, rights and restrictions relating to the issuance or transfer of partnership units in Parent and membership interests in Parent GP (collectively, "equity interests"), including tag-along rights and drag-along rights, rights to effect an initial public offering, information rights and other corporate governance provisions. It is anticipated that the Organizational Documents will, subject to certain exceptions, impose restrictions on the transfer of equity interests, including that (other than pursuant to the exercise of tag-along or drag-along rights or in connection with an initial public offering as described below and transfers to affiliates and certain other counterparties) neither Sponsor may transfer its membership interests in Parent to a third-party until the fifth anniversary of the consummation of the Acquisition (subject to certain conditions and exceptions). It is also anticipated that the Sponsors will have both drag along rights to require the other Investors to participate in a proposed sale of equity interests in Parent to a third-party that would result in a change of control transaction and the right to cause TopCo or one of its subsidiaries to effect an initial public offering with the cooperation of the other Investors. Subject to certain exceptions, the Investors will have pro rata preemptive rights with respect to certain equity and debt issuances by Parent.

Upon the consummation of the Acquisition, the board of managers of Parent GP (the "GP Board") will initially be composed of 13 individuals, three of whom will be designated by GTCR, three of whom will be designated by Apax, one of whom will be the chief executive officer of TopCo, three of whom will be additional members of the executive or senior management of TopCo, as determined by a majority of the common equity of Parent held by members of management, and three of whom will be independent managers. Of the three independent managers, one will be designated by GTCR (subject to the approval of Apax), one will be designated by Apax (subject to the approval of GTCR) and one will be designated by the GP Board. If a Sponsor's ownership of common equity of Parent falls below certain thresholds, then the number of managers such Sponsor is entitled to designate to the GP Board will be reduced as well. In any event, the Chief Executive Officer of TopCo will continue to have the right to be designated as a manager. It is anticipated that, subject to certain rights and conditions, the prior consent of both Sponsors will be required to approve certain corporate matters.

The terms of the Organizational Documents have not been finalized and remain subject to negotiation.

Upon the consummation of the Acquisition, it is expected that the Management Investors together will hold approximately 24% of the outstanding equity interests in Parent, and GTCR, Apax and the Co-Investors will hold the remaining outstanding equity interests in Parent.

Preferred Equity Documentation

Immediately following the consummation of the Acquisition, if GTCR elects to issue the preferred equity, TopCo will issue and sell the preferred equity to HPS. The issuance of the preferred equity will, if consummated, be conditioned upon certain customary closing conditions. The following discussion assumes that the issuance and sale of the preferred equity will be consummated. See "The Transactions."

The preferred equity will rank senior to other shares of TopCo's capital stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of TopCo. The preferred equity will have an aggregate initial liquidation preference of $160.0 million, or $1,000.00 per share. Holders of the preferred equity will be entitled to a dividend that, unless paid in cash, accrues daily and compounds quarterly on the initial liquidation preference plus all accrued, accumulated and unpaid dividends thereon. Dividends on the preferred equity will only be payable if and when declared by the board of directors of TopCo, and to the extent not declared and paid, would accrete to the liquidation preference of the preferred equity.

Holders of the preferred equity will not have any voting or consent rights except with respect to amendments, waivers or changes to the terms of the preferred equity or, to the extent material and adverse to the holders of the preferred equity in their capacities as such, to the charter or bylaws of Topco.

The preferred equity has no maturity, but TopCo will be required to repurchase the preferred equity upon the occurrence of certain events.

The definitive documentation with respect to the preferred equity has not been finalized and remains subject to negotiation.

Indemnification of Directors and Officers

Each of our present and former directors and officers is a party to an indemnification agreement pursuant to which we agree to indemnify such director or officer to the fullest extent permitted by Delaware law against claims arising out of or pertaining to the fact that the person is or was one of our or our subsidiaries' officers or directors.

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.

Sales to Portfolio Companies of Funds Affiliated with the Sponsors

From time to time, we make sales to portfolio companies of funds that are affiliated with GTCR or Apax, but these sales are not material and are done on an arms-length basis.

DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

Senior Secured Credit Facilities

Overview

On October 22, 2015, AssuredPartners and Holdings entered into the Credit Agreement with Bank of America, N.A. as the administrative agent, collateral agent, letter of credit issuer and swingline lender, Bank of America, N.A., RBC Capital Markets, Morgan Stanley Senior Funding, Inc., Barclays Bank Plc and Macquarie Capital (USA) Inc. as joint lead arrangers and joint bookrunners, Morgan Stanley Senior Funding, Inc. as syndication agent, and the lenders from time to time party thereto, which provided us with $762.0 million in senior secured term loans and a $127.5 million revolving credit facility. The proceeds from the senior secured credit facilities were used to finance the consideration paid by Apax in connection with Apax's acquisition of Assured along with related fees and expenses. On April 11, 2016, we borrowed an incremental $110.0 million under the term loan facility and increased the commitments under the revolving credit facility by an additional $50.0 million. The incremental term loans were used to fund acquisitions. On November 15, 2016, we borrowed an incremental $60.0 million under the term loan facility. The incremental term loans were used to fund acquisitions. On March 31, 2017, we borrowed an incremental $202.0 million under the term loan facility and increased the commitments under the revolving credit facility by an additional $25.0 million. The incremental term loans were used to fund acquisitions and repay borrowings under the revolving credit facility. On September 27, 2017, we borrowed an incremental $150.0 million under the term loan facility and increased the commitments under the revolving credit facility by an additional $40.0 million. The incremental term loans were used to fund acquisitions. On April 13, 2018, we borrowed an incremental $250.0 million under the term loan facility. The incremental borrowings were used to fund acquisitions. On October 1, 2018, we increased the commitments under the revolving credit facility by an additional $25.0 million and on November 2, 2018, we borrowed an incremental $220.0 million under the term loan facility. The incremental borrowings were used to fund acquisitions.

As of December 31, 2018, our senior secured credit facilities provide, exclusive of any original issue discounts, senior secured financing of $1,989.5 million in the aggregate, consisting of $1,722 million in aggregate principal amount of senior secured term loans outstanding, maturing on October 22, 2024, and a $267.5 million revolving credit facility (which includes $10 million of borrowing capacity available for letters of credit) maturing on October 22, 2022, provided that the maturity date of the new revolving credit facility to be entered into on the Acquisition Closing Date will be April 22, 2024. As of December 31, 2018, we had no outstanding borrowings under our revolving credit facility and approximately $267.5 million of additional borrowing capacity available under our revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. As of April 25, 2019, we had $218.0 million of borrowings outstanding under the existing revolving credit facility and approximately $49.5 million of additional borrowing capacity available under the existing revolving credit facility, without giving effect to approximately $0.9 million of outstanding letters of credit. We expect to repay $25.0 million of borrowings under the existing revolving credit facility on April 30, 2019.

In connection with the consummation of the Transactions, (i) on the Acquisition Closing Date, we will amend the Credit Agreement to, among other things, terminate the existing revolving credit facility and enter into a new revolving credit facility and (ii) on or after the Acquisition Closing Date, we will amend the Credit Agreement to obtain the delayed draw term loan facility under the incremental facility provisions of the Credit Agreement pursuant to the delayed draw term loan commitment.

The delayed draw term loan facility will consist of $250 million in aggregate principal amount of senior secured term loans maturing on October 22, 2024, which will constitute a separate class from the term loan facility and will not be fungible with the term loan facility. The proceeds from the delayed draw term loan facility will be used after the Acquisition Closing Date for working capital and for general corporate purposes, including to fund acquisitions. It is anticipated that the commitments of lenders to fund under the delayed draw term loan facility will be subject to certain conditions, including compliance with certain leverage ratios, the accuracy of certain representations and other customary conditions. The definitive documentation with respect to the delayed draw term loan facility has not been finalized and remains subject to negotiation.

We will use a portion of the proceeds from this notes offering, the preferred equity, the common equity contributions and the common equity rollover contributions, each as described under “The Transactions,” together with cash on hand, to repay in full outstanding borrowings under the existing revolving credit facility. See “Use of Proceeds.” We may borrow under the existing revolving credit facility to fund acquisitions currently pending under signed letters of intent. We may draw amounts under our new revolving credit facility on the Acquisition Closing Date to (i) refinance or rollover any outstanding loans under the existing revolving credit facility, (ii) backstop or rollover any issued and outstanding letters of credit under the existing revolving credit facility, (iii) finance any original issue discount to be paid on the Acquisition Closing Date in connection with the notes offered hereby or (iv) finance a portion of the Transactions and/or for working capital on the Acquisition Closing Date in an amount up to $20 million.

Certain of the terms of our senior secured credit facilities included in this description are subject to continuing negotiation between us and our lenders and could change in the definitive documentation for the amendments to the Credit Agreement.

Interest Rate and Fees

Borrowings of senior secured term loans (including delayed draw term loans funded after the Acquisition Closing Date) and the revolving credit facility under the Credit Agreement bear (or will 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 Bank of America, N.A., (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 zero; 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 margin for borrowings of senior secured term loans (including delayed draw term loans funded after the Acquisition Closing Date) and the revolving credit facility under the Credit Agreement will be, as of the Acquisition Closing Date, 3.50% with respect to LIBOR borrowings and 2.50% with respect to base-rate borrowings.

Interest on borrowings under our 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 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:

- 50% (which percentage will be reduced to 25% and 0% if we attain certain leverage ratios) of our annual excess cash flow;
- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by the borrower and its restricted subsidiaries (including insurance and condemnation

proceeds, subject to de minimis thresholds), (1) if we do not reinvest those net cash proceeds in assets to be used in our business or to make certain other permitted investments, within 450 days of the receipt of such net cash proceeds or (2) if we commit to reinvest such net cash proceeds within 450 days of the receipt thereof, within the later of (1) 450 days of the receipt thereof or (2) 180 days of the date of the commitment; and

- 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.

For the year ended December 31, 2018, we were not required to make any mandatory prepayments.

Currently, we may voluntarily repay outstanding loans under the term loan facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans. We may voluntarily repay outstanding loans under the revolving credit facility at any time without premium or penalty.

Amortization

We are required to make amortization installment payments on the loans under the term loan facility in quarterly installments in aggregate amounts equal to 0.25% of the funded total principal amount per quarter, with the remaining outstanding amount to be payable on October 22, 2024, the maturity date for the term loan facility.

We will be required to make amortization installment payments on the loans drawn under the delayed draw term loan facility in quarterly installments in aggregate amounts equal to 0.25% of the funded total principal amount per quarter, with the remaining outstanding amount to be payable on October 22, 2024, the maturity date for the delayed draw term loan facility.

Principal amounts outstanding under the new revolving credit facility to be entered into on the Acquisition Closing Date will be due and payable in full on April 22, 2024, the maturity date for the revolving credit facility.

Guarantee and Security

All obligations under the senior secured credit facilities are unconditionally guaranteed by Holdings, our parent company, and, subject to certain exceptions, each of our material current and future domestic wholly-owned restricted subsidiaries. All obligations under our senior secured credit facilities, and the guarantees of such obligations, are secured by substantially all of the following assets of the borrower and each guarantor, subject to certain exceptions, including:

- a pledge of 100% of the capital stock of the borrower and 100% of the equity interests directly held by the borrower and each guarantor in any wholly-owned material subsidiary of the borrower or any guarantor (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, will not include more than 65% of the voting stock of such non-U.S. subsidiary), subject to certain exceptions; and

- a security interest in, and mortgages on, substantially all tangible and intangible assets of the borrower and each guarantor, subject to certain exceptions.

Certain Covenants and Events of Default

The senior secured credit facilities contain a number of covenants that, among other things, restrict the ability of the borrower and its restricted subsidiaries to (subject to certain exceptions):

- enter into sale and leaseback transactions;

- engage in mergers or consolidations;
- sell assets;
- pay dividends and distributions or repurchase our capital stock;
- make investments, loans or advances;
- repay subordinated indebtedness;
- make certain acquisitions;
- engage in certain transactions with affiliates;
- amend material agreements governing its subordinated indebtedness; and
- change its lines of business.

The senior secured credit facilities also contain 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 senior secured leverage ratio. The financial covenant will be tested on the last day of any fiscal quarter when the aggregate amount of swing line loans, letters of credit (other than (i) those cash collateralized in an amount equal to the outstanding amount thereof and (ii) other letters of credit in an aggregate outstanding amount not to exceed $2 million) and/or revolving credit loans 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, 2018.

Existing Notes

On August 2, 2017, AssuredPartners issued $500.0 million in aggregate principal amount of the Existing Notes, which mature on August 15, 2025. The Existing Notes bear interest at a rate of 7.00% payable semiannually in arrears on February 15 and August 15.

AssuredPartners and all of its existing and future direct and indirect domestic subsidiaries that guarantee the senior secured credit facilities, unconditionally guarantee the Existing Notes on a senior unsecured basis.

The Existing Notes may be redeemed prior to maturity under certain circumstances. Upon certain change of control events, AssuredPartners is required to offer to repurchase the Existing Notes at the option of the holders at 101% of their face amount, plus accrued and unpaid interest, if any.

Prior to August 15, 2020, the Existing Notes may be redeemed at the option of AssuredPartners at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium, plus accrued and unpaid interest, if any. Prior to August 15, 2020, under certain circumstances, AssuredPartners may also redeem up to 40% of the aggregate principal amount of the Existing Notes at a redemption price of 107.00% of the principal amount of the Existing Notes, together with accrued and unpaid interest, if any, to, but not including, the date of redemption. Beginning on August 15, 2020, the Existing Notes may be redeemed at the option of AssuredPartners at the redemption prices listed below, plus accrued interest, if any, to the date of redemption, if redeemed during the twelve-month period commencing on August 15 of each of the years set forth below:

Year	Percentage
2020	103.50%
2021	101.75%
2022 and thereafter	100.00%

The Existing Indenture contains covenants that restrict the ability of AssuredPartners and its restricted subsidiaries to, among other things, incur additional debt, make certain payments including payment of dividends or repurchase equity interests of AssuredPartners, make loans or acquisitions or capital contributions and certain investments, incur certain liens, sell assets, merge or consolidate or liquidate other entities and enter into transactions with affiliates.

There are no financial maintenance covenants in the Existing Indenture. Events of default under the Existing Indenture include, among others, non-payment of principal or interest when due, covenant defaults, bankruptcy and insolvency events and cross defaults.

Non-Negotiable Subordinated Promissory Notes

We sometimes issue subordinated promissory notes to finance our acquisitions. We are required to pay the principal amount and all accrued interest on such subordinated notes on the earlier of their maturity date or the occurrence of a sale of all of our the assets or equity or all of the assets or stock of our operating subsidiaries. As of December 31, 2018, we had $2.5 million aggregate principal amount of subordinated notes outstanding.

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 AssuredPartners, Inc., a Delaware corporation, and its consolidated Subsidiaries, (ii) the term “*AssuredPartners*” refers to AssuredPartners, Inc., a Delaware corporation and a wholly-owned subsidiary of Holdings, and not any of its Subsidiaries, (iii) the term “*Initial Issuer*” refers to GTCR (AP) Finance Inc., a Delaware corporation and a wholly-owned subsidiary of Parent, and not any of its Subsidiaries, (iv) the term “*Issuer*” refers (a) prior to the Issuer Merger (as defined below), to the Initial Issuer and (b) after the Issuer Merger, to AssuredPartners, (v) the term “*Parent*” refers to GTCR (AP) Holdings LP, a Delaware limited partnership, and not any of its Subsidiaries, (vi) the term “*TopCo*” refers to Dolphin TopCo, Inc., a Delaware corporation and direct parent of Holdings, and not any of its Subsidiaries, (vii) the term “*Holdings*” refers to Dolphin MidCo, Inc., a Delaware corporation and wholly-owned subsidiary of TopCo, and not any of its Subsidiaries, and (viii) the term “*Merger Sub*” refers to GTCR (AP) Merger Sub Inc., a Delaware corporation and wholly-owned Subsidiary of Parent.

The Issuer will issue $475,000,000 aggregate principal amount of % Senior Notes due 2027 (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 Initial Issuer, AssuredPartners, the Guarantors and U.S. Bank National Association, as trustee (the “*Trustee*”). On the Issue Date, (i) the Initial Issuer will merge with and into AssuredPartners, with AssuredPartners continuing as the surviving entity and assuming the obligations of the Initial Issuer under the Notes and the Indenture (the “*Issuer Merger*”) and (ii) immediately following the Issuer Merger, Merger Sub will merge with and into TopCo, with TopCo continuing as the surviving entity. 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 and will not be subject to the provisions of 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 “Summary.”

The net proceeds of this offering of the Notes sold on the Issue Date are expected to be used by the Issuer or its Subsidiaries, together with cash on hand, proceeds from the Preferred Equity and common equity contributions by the Investors, to finance the Acquisition, repay in full outstanding borrowings under AssuredPartners’ revolving credit facility and pay related fees and expenses incurred in connection with the Transactions as described in this Offering Memorandum under “Use of Proceeds.”

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 all existing and future Subordinated Indebtedness of the Issuer;
- without giving effect to collateral arrangements, be *pari passu* in right of payment with all existing and future Senior Indebtedness of the Issuer, including the Senior Credit Facility Obligations and the Obligations of the Issuer under the Existing Notes and the Existing Notes Indenture;
- 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; 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 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 Wholly-Owned Restricted Subsidiary that is a Domestic Subsidiary of the Issuer that guarantees the payment of any Indebtedness under the Senior Credit Facilities or 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. On the Issue Date following the Issuer Merger, each of AssuredPartners' Subsidiaries existing as of the Issue Date, other than Foreign Subsidiaries, immaterial subsidiaries and a Captive Insurance Subsidiary, will 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 all existing and any future Subordinated Indebtedness of such Guarantor;

- without giving effect to collateral arrangements, be *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 and its guarantee of the Obligations of the Issuer under the Existing Notes and the Existing Notes Indenture;

- 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; and

- 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 to the Issuer or a Guarantor.

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. After giving *pro forma* effect to the Transactions, the non-guarantor Subsidiaries would have accounted for an immaterial portion of the Issuer's consolidated total revenues and consolidated income from operations, in each case, for the year ended December 31, 2018 and would have accounted for an immaterial portion of the Issuer's consolidated total assets and total liabilities, in each case, as of December 31, 2018.

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 leverage and significant debt service obligations could adversely affect our financial condition and our ability to fulfill our obligations and operate our business," "Risk Factors—Risks Related to the Notes and our Indebtedness—Despite our leverage after consummation of the Transactions, we and our subsidiaries may still be able to incur substantial additional debt. This could further exacerbate the risks that we and our subsidiaries face" and "Risk Factors—Risks Related to the Notes and our Indebtedness—The notes will be structurally subordinated to all obligations of our existing and future subsidiaries that are not and do not become guarantors of 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 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 on 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 because of fraudulent conveyance laws and, as a result, you may be required to return payments received by you in respect of the note guarantees."

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, transfer or other disposition (by merger, consolidation, amalgamation, dividend, distribution or otherwise) of (i) the Capital Stock of such Guarantor, 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, 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 following the transfer of all of its assets to the Issuer or another Guarantor; or

(f) upon the occurrence of a Covenant Suspension Event; *provided* that, (i) such Note Guarantee shall not be released pursuant to this clause (f) for so long as such Guarantor is an obligor with respect to any Indebtedness under the Senior Credit Facilities and (ii) in the case of a Covenant Suspension Event, such Note Guarantee shall be reinstated upon the occurrence of the Reversion Date.

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 and the Obligations of the Issuer or such Guarantor under the Existing Notes Indenture, the Existing Notes and the guarantees thereof, as applicable. 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 AssuredPartners is conducted through AssuredPartners' respective Subsidiaries. Not all of the Subsidiaries of the Issuer will guarantee the Notes, and as described under "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, 2018, after giving *pro forma* effect to the Transactions, the Issuer and the Guarantors would have had:

- $1,722 million of Secured Indebtedness under our term loan facility, including the Senior Credit Facility Obligations, with $517.5 million of unused availability under the Senior Credit Facilities (without giving effect to $0.9 million of letters of credit outstanding);

- $975 million of unsecured Senior Indebtedness (including the Existing Notes and the Notes); and

- $2.5 million of Subordinated Indebtedness.

As of December 31, 2018 and after giving *pro forma* effect to the Transactions, the non-guarantor Subsidiaries had an immaterial amount of liabilities.

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." See "Risk Factors—Risks Related to the Notes and our Indebtedness—Despite our leverage after consummation of the Transactions, we and our subsidiaries may still be able to incur substantial additional debt. This could further exacerbate the risks that we and our subsidiaries face." 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. Holdings 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 $475,000,000. The Notes will mature on , 2027.

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 % per annum and will be payable in cash semi-annually in arrears on and of each year, commencing on , 2019, to the Holders of record as of the close of business (if applicable) on the immediately preceding and (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 in the open market, in privately negotiated transactions 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 , 2022.

At any time prior to , 2022, 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 "—Repurchase at the Option of Holders— 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 , 2022, 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 "—Repurchase at the Option of Holders—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 of each of the years indicated below:

Year	Percentage
2022	%
2023	%
2024 and thereafter	100.00%

In addition, prior to , 2022, the Issuer may, at its option, upon notice as described under the heading "—Repurchase at the Option of Holders—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)   % 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, 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 approved in writing by the Issuer 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 "—Repurchase at the Option of Holders—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 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, Change of Control Offer, Alternate Offer, Asset Sale Offer or Advance 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, Alternate Offer, Asset Sale Offer or Advance Offer, as applicable.

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

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 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 close of business on the second Business Day prior to the expiration time of the Change of Control Offer, 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 (the unpurchased portion of the Notes must be equal to $2,000 or an integral multiple of $1,000 in excess thereof);

(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.

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 Holdings or the Issuer (or any of their Affiliates) becomes a party may provide, that certain change of control events with respect to Holdings or the Issuer would constitute a default thereunder (including a Change of Control under the Existing Notes Indenture or the Indenture). If Holdings or 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, including the Existing Notes Indenture, 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, including the Existing Notes Indenture, 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 finance a change of control offer as required by the Indenture."

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 approved in writing by the Issuer makes the Change of Control 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 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).

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 "—Repurchase at the Option of Holders—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, Alternate Offer, Asset Sale Offer or Advance 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, Alternate Offer, Asset Sale Offer or Advance 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.

Selection and Notice

With respect to any partial redemption or purchase of Notes made pursuant to the Indenture, selection of the Notes for redemption or purchase 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 or purchase by DTC in accordance with its standard procedures therefor; *provided*, *further*, that no Notes of less than $2,000 can be redeemed or repurchased in part.

Other than as set forth in the immediately succeeding paragraph, notices of redemption or offers to purchase 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 or purchase 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 or purchased 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, or any offer to purchase, 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 or purchase date may be delayed until such time (including more than 60 days after the date the notice of redemption or offer to purchase was mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied or waived, or such redemption or purchase 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 or purchase date or by the redemption or purchase date as so delayed, or such notice or offer 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 or offer that payment of the redemption or purchase price and performance of the Issuer's obligations with respect to such redemption or offer to purchase 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 or purchased in part only, the Issuer will issue a new Note in a principal amount equal to the unredeemed or unpurchased 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 or purchase become due on the date fixed for redemption or purchase, unless such redemption or purchase is conditioned on the happening of a future event. On and after the redemption or purchase date, interest shall cease to accrue on Notes or portions of them called for redemption or purchase, unless the Issuer defaults in payment of the redemption or purchase price or such redemption or purchase remains conditioned on the occurrence of a future event that has not occurred.

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, 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 or Cash Equivalents.

Within 450 days after 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; or

(e) 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 $40.0 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 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 Issuer may use any remaining Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) in any manner not prohibited by the Indenture. 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 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.

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.

For purposes of clause (2) of the first paragraph of this covenant (and no other provision), the following shall be deemed to be cash or 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) 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; and

(3) 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 (3) that is at that time outstanding, not to exceed the greater of (x) $295.0 million and (y) 5.0% of Total Assets at the time of contractually agreeing to such Asset Sale.

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 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*"):

(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 rating assigned to the Notes by two of three of the Rating Agencies is below an Investment Grade Rating, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants 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 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 other than a Restricted Investment, no Event of Default shall have occurred and be continuing or would occur as a consequence thereof and, in the case of a Restricted Investment utilizing clause (3)(f) of this paragraph, no Event of Default described under clause (1), (2) or (6) of the first paragraph of "—Events of Default and Remedies" shall have occurred and be continuing or would occur as a consequence thereof;

(2) except in the case of a Restricted Investment, immediately after giving effect to such transaction 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 August 2, 2017 (including Restricted Payments permitted by clauses (1), (6)(c) and (8) 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 January 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 (other than Equity Interests received in connection with the Transactions) by the Issuer and its Restricted Subsidiaries since immediately after August 2, 2017 (other than (x) any Restricted Payments received by the Issuer and its Restricted Subsidiaries in connection with the Transactions, (y) 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" or, after August 2, 2017 and prior to the Issue Date, Section 10.11(b)(12)(a) of the Existing Notes Indenture and (z) net cash proceeds to the extent such net cash proceeds have been used for making a Restricted Payment pursuant to the Existing Notes Indenture after August 2, 2017 and prior to the Issue Date) 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 (other than Equity Interests received in connection with the Transactions) to any future, current or former employee, director, manager or consultant of the Issuer, its Subsidiaries or any Parent Entity after August 2, 2017 to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph or, after August 2, 2017 and prior to the Issue Date, Section 10.10(b)(4) of the Existing Notes Indenture; 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 Designated Preferred Stock or (Z) Excluded Contributions; *plus*

(c) 100% of the aggregate amount of cash and the fair market value of marketable securities or other property contributed (other than Equity Interests contributed in connection with the Transactions) 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, following August 2, 2017 (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" or, after August 2, 2017 and prior to the Issue Date, Section 10.11(b)(12)(a) of the Existing Notes Indenture, (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 (x) to the Issuer or a Restricted Subsidiary or (y) with respect to Equity Interests of the Issuer and any Parent Entity sold or disposed in connection with the Transactions) 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 August 2, 2017; or

(ii) the issuance, sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of the Equity Interests (other than Equity Interests of the Issuer and any Parent Entity issued, sold or disposed in connection with the Transactions) of, or a dividend or distribution from, an Unrestricted Subsidiary after August 2, 2017 (other than to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment made after August 2, 2017); *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 August 2, 2017, 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 August 2, 2017); *plus*

(f) the greater of (x) $120.0 million and (y) 30% 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."

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 ("*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 (including the Transactions); *provided*, *however*, that the aggregate Restricted Payments made under this clause (4) do not exceed in any calendar year the greater of (x) $40.0 million and (y) 10% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (which shall increase to the greater of (x) $80.0 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 (beginning with the calendar year ending December 31, 2017 and including any unused amounts carried over to one or more succeeding calendar years under Section 10.10(b)(4) of Existing Notes Indenture *less* any Restricted Payments made after August 2, 2017 and prior to the Issue Date under Section 10.10(b)(4) of the Existing Notes Indenture)); *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) of the Issuer, any of its Subsidiaries or any Parent Entity that occurs on or after August 2, 2017, 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 or, after August 2, 2017 and prior to the Issue Date, Section 10.10(a)(3) of the Existing Notes Indenture; *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 August 2, 2017; *less*

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

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (a) and (b) 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 (including in connection with the Transactions) 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 in or from any such public offering, other than public offerings with respect to the Issuer's common equity registered on Form S-8 and other than any public sale constituting an Excluded Contribution and (B) an aggregate amount per annum not to exceed 6% 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 August 2, 2017 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 August 2, 2017, to the extent the acquisition of such Investments was financed with Excluded Contributions received following August 2, 2017, *less* (ii) the sum of (x) 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" and (y) amounts that have been used to make Restricted Payments, after August 2, 2017 and prior to the Issue Date, pursuant to Section 10.10(b)(9) of the Existing Notes Indenture;

(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 $120.0 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 (a) made in connection with or in order to consummate the Transactions or as contemplated by the Acquisition Agreement or a Permitted Change of Control, including, in each case, any dividends, payments or loans made to the Issuer or any Parent Entity to enable it to make any such payments or future payments to employees of the Issuer, any Restricted Subsidiary or any Parent Entity under agreements entered into in connection with the Transactions or a Permitted Change of Control and the fees and expenses related thereto or (b) 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";

(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 in amounts required for any Parent Entity 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 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, revenue, receipts or capital of the Issuer and/or its applicable Subsidiaries; *provided* that 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; *provided*, *further*, that 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;

(c) customary salary, bonus, 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 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; and

(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;

(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; and

(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;

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, 2018, the amount of Restricted Payments that would have been permitted to be made pursuant to clause (3)(a) of the first paragraph of this "—Limitation on Restricted Payments" covenant was approximately $115.2 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 (21) 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 (21) 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) $155.0 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 the 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) $2,250 million plus (b) the greater of (x) $387 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 (a) the Notes (including any Note Guarantee thereof) (other than any Additional Notes, if any, or Note Guarantees with respect thereto) and (b) the Existing Notes (including the guarantees thereof) outstanding on the Issue Date;

(3) Indebtedness of the Issuer and its Restricted Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1) and (2));

(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) $120.0 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 Transactions or 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 and to the extent such subordination does not result in material adverse tax consequences) 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 and to the extent such subordination does not result in material adverse tax consequences) 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 August 2, 2017 from the issue or sale of Equity Interests of the Issuer 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 the Transactions, 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, after August 2, 2017 and prior to the Issue Date, Section 10.10(b) of the Existing Notes Indenture, to incur Indebtedness or issue Disqualified Stock or Preferred Stock, after August 2, 2017 and prior to the Issue Date, pursuant to Section 10.11(b)(12)(a) of the Existing Notes Indenture 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) $195.0 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 subclause (a) of this clause (13) will not apply to any refinancing of any Secured 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; or

(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;

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) $155.0 million and (B) 40.0% 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) $195.0 million and (y) 50.0% 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 clause (4) 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 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 (including the Transactions) or a Permitted Change of Control;

(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 the Transactions, any Investment or any acquisition (by merger, consolidation or amalgamation or otherwise) permitted under the Indenture or a Permitted Change of Control;

(28) Indebtedness of any Restricted Subsidiary that is not a Guarantor; *provided* that the aggregate principal amount of Indebtedness of which the primary obligor or a guarantor is a Restricted Subsidiary that is not a Guarantor 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) $100.0 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; and

(32) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (31) 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 (32) 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 (other than pursuant to the Transactions) 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 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 (other than pursuant to the Transactions) 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 or territory 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 or territory 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) $20.0 million and (y) 5% 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) $40.0 million and (y) 10% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period, a resolution adopted by the Board of the Issuer (or any Parent Entity of the Issuer) approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

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 clause (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 the Organizational Documents (or any amendment thereto or replacement thereof so long as any such amendment or replacement is not materially disadvantageous, in the good faith judgment of the Board of the Issuer (or any Parent Entity of the Issuer), to the Holders when taken as a whole, as compared to the Organizational Documents as in effect immediately prior to such amendment or replacement) 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 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, including in connection with the Transactions;

(5) transactions in which 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;

(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, the Acquisition Agreement, 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 the Transactions and 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 or entered into in connection with the Transactions;

(8) to the extent not prohibited by clause (13) 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 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 fees and expenses related to the Transactions (including loans and advances pursuant to clauses (15) and (16) of the definition of "Permitted Investments"), including the Transaction Expenses, and transactions related to a Permitted Change of Control and the fees and expenses related thereto;

(10) transactions with customers, clients, suppliers, contractors, joint venture partners 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; and

(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).

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, the Existing Notes Indenture, the Existing Notes and the related guarantees 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 arrangements and other similar agreements or arrangements relating to such joint venture;

(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, the Existing Notes 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 Adjusted EBITDA of the Issuer substantially consistent with the presentation thereof in the 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 registered public accounting firm; and

(2) within 10 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 1.01, 1.02, 1.03, 2.01 (only with respect to acquisitions 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), 2.05, 2.06, 4.01, 4.02, 5.01 and 5.02(b) (with respect to the principal executive officer, president, principal financial officer, principal accounting officer and principal operating officer only) and (c) (other than with respect to information otherwise required or contemplated by subclause (3) of such Item or by Item 402 of Regulation S-K promulgated by the SEC) as in effect on the Issue Date if the Issuer were required to file such reports; *provided*, *however*, that no such current report (A) will be required to be provided in connection with the Transactions or (B) 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 or 308 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 contain any financial statements of unconsolidated Subsidiaries or 50% or less owned Persons under Rule 3-09 of Regulation S-X 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, (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 the Offering Memorandum, other than information specifically required under clause (2) above and in accordance with this proviso, or to contain any "segment reporting", (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 90 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) 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,

promptly 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) announce by press release to the appropriate nationally recognized wire services or 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 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.

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.

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) 1% of the Total Assets of such Parent Entity and (ii) 1% 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.

Additional Note Guarantees

The Issuer will not permit any of its Domestic Subsidiaries that is a Wholly-Owned 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, (iii) the Existing Notes or (iv) 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; *provided, further*, that the Restricted Subsidiaries that become guarantors under the Senior Credit Facilities on the Issue Date will become Guarantors on the Issue Date.

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 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 Wholly-Owned Restricted Subsidiaries or the payment of which is guaranteed by the Issuer or any of its Wholly-Owned 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) $60.0 million (or its foreign currency equivalent) and (y) 15% 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) $60.0 million and (y) 15% 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) 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.

The Indenture will provide that the Holders of a majority in aggregate principal amount of the then outstanding Notes by 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.

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.

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 ended December 31, 2019), 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).

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 Holders 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 Holders 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; *provided* that the aggregate amount of Notes held by any Affiliated Debt Fund shall be deemed to be not outstanding to the extent in excess of 49.9% of the amount required for all purposes of calculating whether the Holders of a majority in aggregate principal amount of the outstanding Notes have taken any actions), 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; 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");

(16) to comply with the rules of any applicable securities depositary.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

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.

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.

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.

The Indenture shall provide that any calculations or measure that is determined with reference to the Issuer's financial statements (including, without limitation, Applicable Measurement Period, Consolidated EBITDA, Consolidated Interest Expense, Consolidated Net Income, Consolidated Secured Debt Ratio, Consolidated Total Debt Ratio, Fixed Charge Coverage Ratio, Fixed Charges, Permitted Receivables Financing, Total Assets and clause (3)(a) of the first paragraph under "—Limitation on Restricted Payments") 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)).

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, 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.

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", (d) the making of an Investment or Restricted Payment or (e) any Permitted Change of Control, (the transactions referred to in clauses (b) through (e)), 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 or Consolidated 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.

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.

"*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.

"*Acquisition*" means the acquisition of TopCo and its Subsidiaries pursuant to the Acquisition Agreement, substantially as described in this Offering Memorandum under "The Transactions."

"*Acquisition Agreement*" means the agreement and plan of merger, including all annexes, schedules and exhibits thereto, dated as of February 20, 2019, by and among TopCo, Parent, Merger Sub and Dolphin Holdco, L.P., and all side letters and other agreements related thereto, in each case, as amended, restated, supplemented or otherwise modified in accordance with the terms thereof through the Issue Date.

"*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 or (v) 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 , 2022 (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 , 2022 (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 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) $30.0 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) in the ordinary course of business or consistent with past practice;

(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 (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) 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 August 2, 2017, 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 lapse, abandonment or invalidation 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; and

(w) the sales of property or assets for an aggregate fair market value not to exceed the greater of (i) $60.0 million and (ii) 15.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period.

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."

"*AssuredPartners*" has the meaning set forth in the first paragraph under "—General."

"*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 which 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) in the case of investments by any Foreign Subsidiary of the Issuer, investments for cash management purposes of comparable tenor and credit quality to those described in the foregoing clauses (1) through (12) customarily utilized in countries in which such Foreign Subsidiary operates; 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, other than a Permitted Change of Control:

(1) the sale, lease or transfer, in one or a series of related transactions, 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 the Permitted Holders, 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.

"*Code*" means the Internal Revenue Code of 1986, as amended, or any successor thereto.

"*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) 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) any costs or expenses incurred by such Person or any Restricted Subsidiary pursuant to any management equity 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),

(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) all adjustments of the nature used in connection with the calculation of "EBITDA," "Standalone Adjusted EBITDA," "Adjusted EBITDA," "Adjusted EBITDA for Closed Acquisitions" and "Acquisition Adjusted EBITDA" (or similar *pro forma* non-GAAP measures) as set forth in footnote (5) in the section entitled "Summary—Summary Historical Consolidated and Unaudited Pro Forma 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, in each case, other than adjustments related to acquisitions under signed letters of intent that have not yet closed; *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, the clause (2) of this definition, *plus*

(2) without duplication, the amount of "run rate" cost savings, operating expense reductions and synergies related to the Transactions or any other 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*") or Permitted Change of Control, whether initiated, before, on or after the Issue Date, within 24 months after the Issue Date (in respect of the Transactions), such Specified Event or Permitted Change of Control, as applicable (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;

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(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 in the definition of Fixed Charge Coverage Ratio (other than as set forth in the first proviso to the first paragraph of such definition).

"*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 Indebtedness borrowed in connection with the Transactions (and any Refinancing Indebtedness thereof) and 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 the Transactions or any acquisition or Investment, (g) any payments with respect to make-whole premiums or other breakage costs of any Indebtedness, including, without limitation, any Indebtedness issued in connection with the Transactions, (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 or unusual gains or losses (less all fees and expenses relating thereto) or expenses (including any unusual or non-recurring operating expenses directly attributable to the implementation of cost savings initiatives and any accruals or reserves in respect of any extraordinary, nonrecurring or unusual items), 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 and other strategic or cost savings initiatives), restructuring charges, accruals or reserves (including restructuring and integration costs related to the Transactions and 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 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) 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) Transaction Expenses (including any charges associated with the rollover, acceleration or payout of Equity Interests held by management of Holdings or any of its Subsidiaries (including the Issuer) or Parent Entities in connection with the Transactions),

(4) the net income for such period of any Person that is an Unrestricted Subsidiary and any Person that is not a 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 any transaction or retention bonus or similar payment) incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Producer Recruitment, Investment, recapitalization, asset disposition, spin-off transaction, issuance or repayment of Indebtedness, 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 of Indebtedness, Hedging Obligations or other derivative instruments (including deferred financing costs written off and premiums paid),

(7) 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 the Transactions in accordance with GAAP (including any adjustment of estimated payouts on existing earn-outs) or changes as a result of the adoption or modification of accounting policies during such period,

(8) non-cash expenses and costs that result from the issuance of stock-based awards, partnership interest-based awards and similar incentive-based compensation awards or arrangements,

(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 non-cash 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),

(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 charge or asset write-off or write-down (including related to intangible assets (including goodwill), long-lived assets, and investments in debt and equity securities),

(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 arising as a result of the Transactions, 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, and

(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 the Transactions, any acquisition or Investments permitted under the Indenture.

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 the Transactions, 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 or 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 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 Consolidated EBITDA for the Applicable Measurement Period, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness and Consolidated EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio; *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 and, in the event that a portion of Indebtedness secured by a Lien could be classified as secured in part pursuant to clause (6) or (34) of the definition of "Permitted Liens" (giving effect to the Incurrence of such portion of such Indebtedness), and such Person, in its sole discretion, may classify such portion of such Indebtedness (and any Obligations in respect thereof) as having been secured pursuant to clause (6) or (34) of the definition of "Permitted Liens" and thereafter the remainder of the Indebtedness as having been secured pursuant to one or more of the other clauses of the definition of "Permitted Liens"); *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 Consolidated EBITDA for the Applicable Measurement Period, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness and

Consolidated EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio; *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 the Transactions or 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.

"*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.

"*Default*" means any event that is, or after notice or lapse of time or both would become, an Event of Default.

"*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.

"*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 (other than a Foreign Subsidiary).

"*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 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:

(1) public offerings with respect to the Issuer or any Parent Entity's common stock registered on Form S-8;

(2) issuances to any Subsidiary of the Issuer; and

(3) any such public or private sale or issuance that constitutes an Excluded Contribution.

"*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.

"*Existing Notes Indenture*" means the indenture governing the Existing Notes, as amended, restated, supplemented, waived, renewed or otherwise modified from time to time, and as replaced (whether or not upon termination, and whether with the original holders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time.

"*Existing Notes*" means AssuredPartners' $500.0 million in aggregate principal amount outstanding of 7.00% Senior Notes due 2025 issued on August 2, 2017.

"*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 Consolidated 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 (including the Transactions), 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 (including the Transactions), 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 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 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 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 (including the Transactions), 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 organized under the laws of the United States, any state thereof or the District of Columbia and any Restricted Subsidiary of such Foreign 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) all terms of an accounting or financial nature used in the Indenture shall be construed, and all computations of amounts and ratios referred to in the Indenture shall be made without giving effect to any election under FASB Accounting Standards Codification Topic 825—*Financial Instruments*, or any successor thereto (including pursuant to the FASB Accounting Standards Codification), to value any Indebtedness of the Issuer or any Subsidiary at "fair value," as defined therein, (b) 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 and (c) 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. 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.

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, as evidenced by a written notice of the Issuer to the Trustee, 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.

"*Holdings*" has the meaning set forth in the first paragraph under "—General."

"*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 Issuer*" has the meaning set forth in the second paragraph under "—General."

"*Initial Purchasers*" means, collectively, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, BMO Capital Markets Corp., RBC Capital Markets, LLC, Deutsche Bank Securities Inc., Macquarie Capital (USA) Inc. and ING Financial Markets LLC.

"*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 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 GTCR LLC, Apax Partners, L.P., any co-investors that will acquire a portion of the equity interests in Holdings (or a Parent Entity of Holdings) in connection with the Transactions 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 , 2019.

"*Issuer*" has the meaning set forth in the first paragraph under "—General."

"*Issuer Merger*" has the meaning set forth in the second 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.

"*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.

"*Merger Sub*" has the meaning set forth in the first paragraph under "—General."

"*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.

"*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.

"*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 , 2019 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.

"*Organizational Documents*" means the organizational documents of the Issuer (and/or one or more of its direct or indirect Parent Entities).

"*Parent*" has the meaning set forth in the first paragraph under "—General."

"*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.

"*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 Change of Control*" means any event that would otherwise constitute a Change of Control pursuant to the definition thereof (without giving effect to the exception for a Permitted Change of Control); *provided* that on the date of the occurrence of such event, (1) the Issuer's LT Corporate Family Rating (or Outlook) from Moody's is B3 (stable) or better and the Issuer's LT Local Issuer Credit Rating (or Outlook) from S&P is B (stable) or better and (2) the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period is equal to or less than 7.00 to 1.00, determined on a *pro forma* basis (including any Indebtedness incurred and a *pro forma* application of the net proceeds therefrom), as if such event had occurred at the beginning of the Applicable Measurement Period. When calculating the Consolidated Total Debt Ratio for purposes of this definition, the Issuer shall be entitled, at its option, to make such calculations as it would if it were calculating any basket, ratio or other financial metric under the Indenture in connection with a Limited Condition Acquisition or Specified Transaction.

"*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 and (3) any Permitted Plan. 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) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (b) a Permitted Change of Control 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 (including the Transactions) 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) $135.0 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*, *however*, 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; *provided, however*, that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant described in "—Certain Covenants—Limitation on Restricted Payments;"

(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 other similar assets, or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(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) $135.0 million and (y) 35% 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) $20.0 million and (y) 5% 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 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;

(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) $100.0 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) Investments made as part of, or in connection with, any Permitted Change of Control;

(23) Investments of assets relating to non-qualified deferred payment plans in the ordinary course of business or consistent with past practice;

(24) Investments made as part of, or in connection with, the Transactions (including payment of the purchase consideration under the Acquisition Agreement);

(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 5.25 to 1.00; and

(31) 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.

"*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 after giving effect to the Transactions (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) 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) 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 "—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) $195.0 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 "—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 5.25 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 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 (other than the Transactions) 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 Holdings 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 Equity*" means the 160,000 shares of a single class of cumulative, non-convertible preferred stock of TopCo with an aggregate initial liquidation preference amount of $160.0 million, or $1,000 per share, to be issued to HPS Investment Partners, LLC on the Issue Date, including any refinancing or replacement thereof.

"*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.

“*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.

“*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 Credit Agreement, dated as of October 22, 2015, by among the Issuer, Holdings, the other guarantors party thereto, Bank of America, N.A. 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 agreements governing the Senior Credit Facilities.

"*Senior Indebtedness*" means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Senior Credit Facilities, the Existing Notes and related guarantees 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.

"*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.

"*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 set forth in the fourth paragraph under "Certain Definitions."

"*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 set forth in the fourth paragraph under "—Certain Definitions."

"*TopCo*" has the meaning set forth in the first paragraph under "—General."

"*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 the definition of Fixed Charge Coverage Ratio (other than as set forth in the first proviso to the first paragraph of such definition).

"*Transaction Test Date*" has the meaning set forth in the fourth paragraph under "—Certain Definitions."

"*Treasury Rate*" means, as obtained by the Issuer, as of any Redemption Date, the weekly average rounded to the nearest $1/100^{th}$ 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   , 2022; *provided*, *however*, that if the period from such Redemption Date to   , 2022 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.

"*Transaction Expenses*" means any fees or expenses incurred or paid by Holdings, its Subsidiaries (including the Issuer), any Parent Entity and any Investors in connection with the Transactions (including, without limitation, payment to former, current and future officers, employees and directors as change of control payments, severance payments, consent payments, special or retention bonuses and charges for repurchase or rollover, acceleration or payments of, or modifications to, stock options, expenses in connection with hedging transactions related to the Senior Credit Facilities, any original issue discount or upfront fees and the payment of all transaction, underwriting, commitment and other fees and expenses related to the Transactions, including any fees pursuant to the Organizational Documents), the Indenture, the Notes, the Existing Notes Indenture, the Existing Notes, the Senior Credit Facilities, any Indebtedness incurred in connection with a Permitted Change of Control and the transactions contemplated hereby and thereby.

"*Transactions*" (a) means all the transactions (and any transactions related thereto) as described in this Offering Memorandum under "The Transactions," including all transactions described in the definition of "Transactions" in this Offering Memorandum, which, for the avoidance of doubt, need not occur on the Issue Date and (b) in the event that a Permitted Change of Control occurs, also means the Permitted Change of Control and any related transaction (including any refinancing, repayment or incurrence of Indebtedness, redemption or repurchase of Equity Interests, equity contributions and payments of fees and expenses in connection therewith).

"*Trustee*" means U.S. Bank National Association until a successor replaces it and, thereafter, means the successor.

"*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.

"*Wholly-Owned Restricted Subsidiary*" of any Person means a Wholly-Owned Subsidiary of such Person that is a Restricted Subsidiary.

BOOK-ENTRY; DELIVERY AND FORM

General

Notes sold to persons reasonably believed to be “qualified institutional buyers” (“QIBs”) in reliance on Rule 144A under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the “144A Global Notes”). The 144A Global Notes will be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Notes sold in reliance on Regulation S under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the “Reg S Global Notes” and, together with the 144A Global Notes, the “Global Notes”). The Reg S Global Notes will be registered in the name of Cede & Co., as nominee of DTC, and deposited with a custodian for DTC, for credit to Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes (“Restricted Book-Entry Interests”) and in the Reg S Global Notes (the “Reg S Book-Entry Interests” and, together with the Restricted Book-Entry Interests, the “Book-Entry Interests”) will be limited to persons that have accounts with DTC, or persons that hold interests through such participants. DTC holds interest in the Global Notes on behalf of its participants through customers’ securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes are not entitled to receive physical delivery of certificated notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by DTC and its participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, holders of Book-Entry Interests are not considered the owners or “holders” of notes for any purpose.

So long as the notes are held in global form, DTC (or its nominees) will be considered the sole holders of such Global Notes for all purposes under the indenture governing such notes. In addition, participants in DTC must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the indenture.

Neither the Issuer nor the applicable Trustee has any responsibility or liability for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, DTC (or its nominees) will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book Entry Interests will be equal to the amount received by DTC in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under existing practices of DTC, if fewer than all of the notes, are to be redeemed at any time, DTC will credit its participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as it deems fair and appropriate; provided, however, that no Book-Entry Interest of $2,000 principal amount or less may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest and all other amounts payable) to DTC or its nominee, which will distribute such payments to the applicable participants in accordance with its procedures. The Issuer will make payments of all such amounts without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the indenture, the Issuer and the applicable Trustee will treat the registered holders of the Global Notes (e.g., DTC (or its nominees)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the applicable Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of DTC or any participant or indirect participant relating to payments made on account of a Book-Entry Interest or for maintaining, supervising or reviewing the records of DTC, or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or

- DTC or any participant or indirect participant. Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between DTC and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of the Global Notes will be paid to the applicable holders of interests in such notes (the "DTC Holders") through DTC in U.S. dollars.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the applicable Trustee, the initial purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of notes (including the presentation of notes of such series for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. DTC will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the notes, DTC reserves the right to exchange the Global Notes for definitive registered notes of such series in certificated form (the "Definitive Registered Notes") and to distribute Definitive Registered Notes to its participants.

Transfers

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, which rules and procedures may change from time to time. The Global Notes bear a legend to the effect set forth in "Notice to Investors." Book-Entry Interests in the Global Notes are subject to the restrictions on transfers as discussed in "Notice to Investors."

Prior to the 40th day after the later of the commencement of this offering and the date the notes were originally issued (the "Distribution Compliance Period"), any sale or transfer of ownership of a Reg S Book-Entry Interest in the notes to a U.S. person shall not be permitted unless such resale or transfer is made pursuant to Rule 144A or Regulation S. Subject to the foregoing, a Reg S Book-Entry Interest in the notes may be transferred to a person who takes delivery in the form of a Restricted Book-Entry Interest in a Global Note only upon delivery by the transferor of a written certification (in the form provided in the indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors," and in accordance with any applicable securities laws of any state of the U.S. or any other jurisdiction.

Transfers of Restricted Book-Entry Interests in the notes to persons wishing to take delivery of Restricted Book-Entry Interests in the notes will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the applicable 144A Global Note, as set forth in "Notice to Investors."

Restricted Book-Entry Interests in the notes may be transferred to a person who takes delivery in the form of a Reg S Book-Entry Interest in a Global Note upon delivery by the transferor of a written certification (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer occurs prior to the expiration of the Distribution Compliance Period, the interest transferred will be held immediately thereafter through DTC. See "Notice to Investors."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Note, or DTC ceases to be a clearing agency registered under the Exchange Act and, in either case, a qualified successor depositary is not appointed by the Issuer within 120 days of such notice; or

- if an event of default under the indenture occurred or is continuing and the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note shall be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed shall be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than $2,000 shall be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer shall not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (a) the record date for any payment of interest on the applicable notes, (b) any date fixed for redemption of the applicable notes or (c) the date fixed for selection of the applicable notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the transfer agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the indenture. The Issuer may require a holder to pay any taxes and fees required by law and permitted by the indenture and the applicable notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the registrar for the series of notes or at the office of a transfer agent for such notes, the Issuer shall issue and the Trustee for the applicable series of notes shall authenticate a replacement Definitive Registered Note if such Trustee's and the Issuer's requirements are met. The Trustee for the applicable notes or the Issuer may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both such Trustee and the Issuer to protect the Issuer, such Trustee or the paying agent for the notes appointed pursuant to the indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for its expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note for the notes only in accordance with the indenture and, if required, only after the transferor first delivers to the applicable transfer agent a written certification (in the form provided in the indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such notes. See "Notice to Investors."

Information Concerning DTC

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of DTC and are subject to changes by DTC. We take no responsibility for these operations and procedures and urge investors to contact DTC or its participants directly to discuss these matters.

DTC has advised the Issuer that DTC is:

- a limited purpose trust company organized under the New York Banking Law;
- a "banking organization" under 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 under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the Financial Industry Regulatory Authority, Inc. and a number of its direct participants. Others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a direct participant, also have access to the DTC system and are known as indirect participants.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The ownership interests in, and the transfers of ownership interests in, each note held by or on behalf of DTC are recorded on the records of the participants and indirect participants. The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC system will receive distributions attributable to the Global Notes only through DTC participants.

Global Clearance and Settlement Under the Book-Entry System

The notes are expected to trade in DTC's Same-Day Funds Settlement System and any permitted secondary market trading activity in the notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated notes will also be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers of Book-Entry Interests in the notes between the participants in DTC will be done through DTC in accordance with DTC's rules.

Although DTC is expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the applicable Trustee, the initial purchasers, the registrar, any transfer agent or any paying agent will have any responsibility for the performance by DTC or its participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the notes will be made in dollars. Book-Entry Interests owned through DTC accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the notes.

This discussion is limited to holders who hold the notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the notes for cash at original issue and at their original "issue price" within the meaning of Section 1273 of the Code (*i.e.*, the first price at which a substantial amount of the notes is sold to investors for cash (excluding sales to bond houses, brokers, or similar persons acting in the capacity of underwriters, placement agents or wholesalers)). This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt entities or governmental organizations;
- persons deemed to sell the notes under the constructive sale provisions of the Code; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the notes being taken into account in an applicable financial statement.

If an entity treated as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding the notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Tax Considerations Applicable to U.S. Holders

Definition of a U.S. Holder

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a note that, for U.S. federal income tax purposes, is or is treated as:

- 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 tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Stated Interest

Stated interest on a note generally will be taxable to a U.S. Holder as ordinary income at the time such interest is received or accrued, in accordance with such U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes.

Original Issue Discount

If the stated principal amount of the notes exceeds their "issue price," the notes will be treated as issued with OID for U.S. federal income tax purposes in an amount equal to such excess (provided that if such excess is less than 0.25 percent (or ¼ of 1 percent) of the stated principal amount multiplied by the number of complete years to maturity from the issue date, it will be considered *de minimis* and ignored). In the event the notes are issued with OID for federal income tax purposes, U.S. Holders generally will be required to include such OID in gross income as ordinary interest income for U.S. federal income tax purposes as it accrues on a constant yield to maturity basis regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. Holders will generally include any OID in income in advance of the receipt of cash attributable to such OID.

In the event that the notes are issued with OID, the amount of OID includible in income by a U.S. Holder is the sum of the "daily portions" of OID with respect to the note for each day during the taxable year or portion thereof in which such U.S. Holder holds the note. A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The accrual period of a note may be of any length and may vary in length over the term of the note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity," determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a note at the start of any accrual period generally is equal to its issue price, increased by the accrued OID for each prior accrual period. The yield to maturity of a note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the note as of the issue date, produces an amount equal to the issue price of the note.

The rules regarding OID are complex. Accordingly, prospective investors should consult their tax advisors regarding the application of the rules described above.

Sale or Other Taxable Disposition

A U.S. Holder will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note. The amount of such gain or loss will generally equal the difference, if any, between the amount received for the note in cash or other property valued at fair market value (less amounts attributable to any accrued but unpaid interest, which will be taxable as ordinary interest income to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will be equal to the amount the U.S. Holder paid for the note, increased by any OID previously included in income with respect to such note. Any gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the note for more than one year at the time of sale or other taxable disposition. Otherwise, such gain or loss will be short-term capital gain or loss. Long-term capital gains recognized by certain non-corporate U.S. Holders, including individuals, generally will be taxable at a reduced rate. 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 when such holder receives payments of interest or accrues OID on a note or receives proceeds from the sale or other taxable disposition of a note (including a redemption or retirement of a note). Certain U.S. Holders are exempt from backup withholding and information reporting, including corporations and certain tax-exempt organizations. A U.S. Holder will be subject to backup withholding if such holder is not otherwise exempt and:

- the holder fails to furnish the holder's taxpayer identification number, which for an individual is ordinarily his or her social security number;
- the holder furnishes an incorrect taxpayer identification number;
- the applicable withholding agent is notified by the IRS that the holder is subject to backup withholding because the holder previously failed to properly report payments of interest or dividends; or
- the holder fails to certify under penalties of perjury that the holder has furnished a correct taxpayer identification number and that the IRS has not notified the holder that the holder is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Tax Considerations Applicable to Non-U.S. Holders

Definition of a Non-U.S. Holder

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.

Payments of Interest and OID

Subject to the discussion of FATCA below, interest (including, for purposes of this section "Tax Considerations Applicable to Non.-U.S. Holders", any OID) paid on a note to a Non-U.S. Holder that is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States generally will not be subject to U.S. federal income tax or withholding tax, provided that:

- the Non-U.S. Holder does not, actually or constructively, own 10% or more of the total combined voting power of all classes of our voting stock;
- the Non-U.S. Holder is not a controlled foreign corporation related to us through actual or constructive stock ownership; and
- either (1) the Non-U.S. Holder certifies in a statement provided to the applicable withholding agent under penalties of perjury that it is not a United States person and provides its name and address; (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the note on behalf of the Non-U.S. Holder certifies to the applicable withholding agent under penalties of perjury that it, or the financial institution between it and the Non-U.S. Holder, has received from the Non-U.S. Holder a statement under penalties of perjury that such holder is not a United States person and provides a copy of such statement to the applicable withholding agent; or (3) the Non-U.S. Holder holds its note directly through a "qualified intermediary" (within the meaning of applicable Treasury Regulations) and certain conditions are satisfied.

If a Non-U.S. Holder does not satisfy the requirements above, interest paid to such Non-U.S. Holder generally will be subject to a 30% U.S. federal withholding tax unless such Non-U.S. Holder provides the applicable withholding agent with a properly executed (1) IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) claiming a reduction in or exemption from withholding tax under the benefit of an applicable income tax treaty, or (2) IRS Form W-8ECI certifying that such interest is not subject to withholding because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

If interest paid to a Non-U.S. Holder is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States, the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above (provided the Non-U.S. Holder provides the appropriate certification, as described above) but generally will be subject to U.S. federal income tax on such interest at the regular graduated U.S. federal income tax rates as if such Non-U.S. Holder were a U.S. Holder, unless an applicable income tax treaty provides otherwise. In addition, a Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected interest, as adjusted for certain items.

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and must be updated periodically. Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Sale or Other Taxable Disposition

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain recognized upon the sale, exchange, redemption, retirement or other taxable disposition of a note (such amount excludes any amount allocable to accrued and unpaid interest, which generally will be treated as interest and may be subject to the rules discussed above in "—Payments of Interest and OID") unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable); or

- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. A Non-U.S. Holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by certain U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of interest generally will not be subject to backup withholding, provided the holder certifies its non-U.S. status as described above under "—Payments of Interest and OID." However, information returns are required to be filed with the IRS in connection with any interest paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of a note (including a retirement or redemption of the note) within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the statement described above or the holder otherwise establishes an exemption. Proceeds of a disposition of a note paid outside the United States and conducted through a non-U.S. office of a non-U.S. broker without specified connections with the United States generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on payments of interest (including any OID) on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, a note paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), whether such foreign financial institution or non-financial foreign entity is the beneficial owner or an intermediary, unless (1) the foreign financial institution undertakes certain diligence, withholding and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA currently applies to payments of interest on a note. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of a note on or after January 1, 2019, recently proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in the notes.

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 ("IRAs") and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. 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 (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA 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 an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA 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 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 consult with its counsel in order to determine if the investment satisfies the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Each Plan, including IRAs and other arrangements that are subject to Section 4975 of the Code, should consider the fact that none of the Issuer, the initial purchasers or any of their respective affiliates (the "Transaction Parties") will act as a fiduciary to any Plan with respect to the decision to acquire notes 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 ERISA 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 ERISA 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 an ERISA 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 ERISA Plan involved in the transaction and provided further that the ERISA 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 an ERISA 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 and are otherwise permissible under all 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 (A) 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 or will act as a fiduciary of such purchaser or transferee with respect to the decision to purchase or hold the notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the notes, and (B) it will not sell or otherwise transfer such notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its purchase and holding of such note or any interest therein.

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 affiliates or 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

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the notes.

Offers and Sales by Initial Purchasers

The notes have not been registered under the Securities Act or any securities laws of any jurisdiction and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined under the Securities Act) except in accordance with an applicable exemption from the registration requirements of, the Securities Act and such other securities laws thereof. Accordingly, the notes are being offered and sold only (a) to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A under the Securities Act and (b) in offers and sales that occur outside of the United States to foreign purchasers other than U.S. persons in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act. As used herein, the terms "offshore transactions," "United States" and "U.S. persons" have the respective meanings given them in Regulation S under the Securities Act.

Investor Representations and Restrictions on Resales

Each purchaser of the notes that is purchasing in a sale made in reliance on Rule 144A under the Securities Act or Regulation S under the Securities Act will be deemed to have represented and agreed as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A under the Securities Act or (b) a foreign purchaser that is outside of the United States.

(2) It acknowledges that the notes have not been registered under the Securities Act or any securities laws of any jurisdiction and may not be offered or sold except as set forth below.

(3) It understands and agrees (x) that such notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, (y) that the notes have not been registered under the Securities Act and (z) that (A) if within one year after the date of original issuance of the notes or within three months after it ceases to be an affiliate (within the meaning of Rule 144 under the Securities Act) of the Issuer, it decides to resell, pledge or otherwise transfer the notes on which the legend set forth below appears, the notes may be resold, pledged or transferred only (a) to the Issuer, (b) so long as such security is eligible for resale pursuant to Rule 144A under the Securities Act, to a person whom the seller reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A under the Securities Act, (c) in an offshore transaction in accordance with Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act, other than the exemption provided by Rule 144 or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (B) the purchaser will, and each subsequent holder is required to, notify any purchaser of notes from it of the resale restrictions referred to in (A) above, if then applicable, and (C) with respect to any transfer of notes pursuant to clause (A)(d) above, the holder will deliver to the Issuer and the trustee an opinion of counsel, certificates and other information as the Issuer may require to confirm that the transfer by it complies with the foregoing restrictions.

(4) It acknowledges that each note will contain a legend substantially to the following effect unless the applicable issuer otherwise agrees and it understands that the notification requirement referred to in (3) above

will be satisfied, in the case only of transfers by physical delivery of certificated notes other than a global note, by virtue of the fact that the following legend will be placed on the notes unless otherwise agreed to by the Issuer:

> "THE SECURITY (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE SECURITY EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) SUCH SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1)(a) INSIDE THE UNITED STATES TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (b) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (c) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OTHER THAN THE EXEMPTION PROVIDED BY RULE 144 THEREUNDER OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER IF THE ISSUER SO REQUESTS), (2) TO THE ISSUER OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SECURITY EVIDENCED HEREBY. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS (1) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OR (2) NOT A U.S. PERSON AND IS OUTSIDE OF THE UNITED STATES WITHIN THE MEANING OF (OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF PARAGRAPH (k)(2)(i) OF RULE 902 UNDER) REGULATION S UNDER THE SECURITIES ACT."

(5) It (a) is able to fend for itself in the transactions contemplated by this offering memorandum; (b) has such knowledge and experience in financial business matters as to be capable of evaluating the merits and risks of its prospective investment in the notes; and (c) has the ability to bear the economic risks of this prospective investment and can afford the complete loss of the investment.

(6) It has received a copy of the offering memorandum and acknowledges that it has had access to financial and other information and has been afforded the opportunity to ask questions of the Issuer and received answers thereto as it deemed necessary in connection with its decision to purchase the notes.

(7) Either (i) it is not acquiring or holding such notes with the assets of any Plan or (ii) the acquisition and holding of such notes by it will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law, and

none of the Transaction Parties is its fiduciary with respect to the decision to acquire or hold such notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to acquire or hold such notes.

(8) It acknowledges that the Issuer, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify the Issuer and the initial purchasers. If it is acquiring the notes as a fiduciary or agent of one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each account.

PLAN OF DISTRIBUTION

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital Inc. are acting as representatives (the "Representatives") of each of the several initial purchasers. Subject to the terms and conditions set forth in a purchase agreement by and among the Issuer and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital Inc., as representatives of the several initial purchasers, the Issuer has agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from the Issuer, the entire principal amount of notes.

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any of these notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated.

The Issuer has agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

Commissions and Discounts

The representatives have advised us that the initial purchasers propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The initial purchasers may offer and sell notes through certain of their affiliates.

Notes Are Not Being Registered

The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors."

New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system. We have been advised by certain of the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

No Sales of Similar Securities

During the period of 90 days following the date hereof, the Issuer will not and will not permit any of its subsidiaries to, without the prior written consent of the Representatives (which consent may be withheld at the sole discretion of the Representatives), directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open “put equivalent position” within the meaning of Rule 16a-1 under the Exchange Act, or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any debt securities of the Issuer or any subsidiary of the Issuer or securities exchangeable for or convertible into debt securities of the Issuer or any subsidiary of the Issuer (other than as contemplated by the purchase agreement).

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction 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 the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

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 (the “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 2002/92/EC (as amended, the “Insurance Mediation 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 2003/71/EC (as amended, the “Prospectus Directive”). 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 Directive from the requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Directive.

The above selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the

Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in the 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.

Notice to Prospective Investors in 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 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) 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.

Other Relationships

The initial purchasers and their respective 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. Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Furthermore, certain of the initial purchasers and their respective affiliates may, from time to time, enter into arms-length transactions with us in the ordinary course of their business. Affiliates of certain of the initial purchasers are lenders and/or agents under our revolving credit facility, our term loan facility and/or our delayed draw term loan facility.

In addition, in the ordinary course of their business activities, the initial purchasers and 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. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely, and certain other initial purchasers or their affiliates may, hedge their credit exposure to us consistent with their customary risk management policies. Typically, such 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 our securities, including potentially the notes offered hereby. Any such short positions or credit default swaps could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/ or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions or credit default swaps in such securities and instruments.

An affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated acts as the administrative agent under the senior secured credit facilities and certain of the initial purchasers and/or their respective affiliates act as lender or agent thereunder and, as consideration therefor, have received or will receive customary fees and expenses in connection therewith. In addition, affiliates of certain of the initial purchasers are lenders under the existing revolving credit facility and will receive a portion of the net proceeds from this offering as a result of the repayment of outstanding amounts under the revolving credit facility in connection with the Transactions. An affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated will act as the administrative agent under the new revolving credit facility and certain of the initial purchasers and/or their respective affiliates will act as lenders or agents thereunder and, as consideration therefor, have received or will receive customary fees and expenses in connection therewith.

In connection with the Transactions, we entered into a commitment letter with each of the initial purchasers and/or certain of their respective affiliates providing, in part, for a $500 million senior unsecured bridge facility, and in connection therewith, such initial purchasers or affiliates will receive customary fees. The commitments under the senior unsecured bridge facility will be reduced dollar-for-dollar by the gross cash proceeds from this offering which are available to consummate the Transactions on the Acquisition Closing Date, and the related commitment will be terminated.

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.

Settlement

It is expected that delivery of the notes will be made against payment therefor on or about the date specified on the cover of this offering memorandum, which is the business day following the date of pricing of the notes (such settlement cycle being referred to as "T+ "). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes prior to the date that is two business days preceding the settlement date will be required, by virtue of the fact that the notes initially will settle in T+ , to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the notes who wish to trade the notes during such period should consult their own advisor.

LEGAL MATTERS

The validity of the notes offered hereby will be passed upon for us by Latham & Watkins LLP, Washington, D.C. Certain legal matters will be passed upon for the initial purchasers by Cahill Gordon & Reindel LLP, New York, New York.

INDEPENDENT ACCOUNTANTS

The financial statements as of December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, included in this offering memorandum, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report 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 governing the notes 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.

This offering memorandum contains summaries of certain agreements, such as the indenture that will govern the notes offered hereby and the credit agreements governing the senior secured credit facilities, 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 definitive agreements will be made available without charge to you in response to a written or oral request to us at AssuredPartners, Inc., 200 Colonial Center Parkway, Suite 140, Lake Mary, Florida 32746. Our telephone number is (407) 804-5222.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
AssuredPartners, Inc.

We have audited the accompanying consolidated financial statements of AssuredPartners, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income (loss), equity and cash flows for each of the three years in the period ended December 31, 2018.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the 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 our 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, we consider 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 AssuredPartners, Inc. and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Orlando, Florida
March 13, 2019

PricewaterhouseCoopers LLP, 420 South Orange Avenue, Suite 200, Orlando, FL 32801
T: (407) 236 0550, F: (407) 236 5149, www.pwc.com

AssuredPartners, Inc.
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and 2017

(in thousands)	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 149,744	$ 130,617
Restricted cash	69,187	8,738
Trust cash	65,476	67,520
Fixed maturity securities at fair value, available-for-sale	24,049	28,776
Accounts receivable, net of allowance for doubtful accounts of $1,006 and $745, respectively	193,956	155,190
Other current assets	25,055	23,643
Total current assets	527,467	414,484
Fixed assets, net	26,905	23,096
Goodwill	1,900,731	1,598,487
Amortizable intangible assets, net	1,134,613	1,032,220
Noncurrent assets, net	7,665	7,492
Total assets	$ 3,597,381	$3,075,779
Liabilities and Equity		
Current liabilities		
Long-term debt, current portion	$ 13,915	$ 6,075
Earn-out payables, current portion	49,125	41,906
Accounts payable	217,427	178,681
Customer advances	33,458	38,458
Producer payables	27,357	18,928
Deferred revenue, current portion	34,554	32,539
Reserve for unpaid losses and loss adjustment expenses, current portion	6,019	5,447
Accrued expenses and other	79,841	104,304
Total current liabilities	461,696	426,338
Earn-out payables, noncurrent portion	41,468	28,059
Long-term debt, net	2,173,108	1,718,317
Deferred revenue, noncurrent portion	35,446	32,404
Reserve for unpaid losses and loss adjustment expenses, noncurrent portion	18,372	19,389
Deferred income tax liabilities, net	44,133	40,435
Other liabilities	14,231	10,986
Total liabilities	2,788,454	2,275,928
Commitments and contingencies		
Equity		
Capital contribution from the Parent, net	878,896	871,873
Accumulated other comprehensive loss	(5,251)	(1,775)
Accumulated deficit	(64,718)	(70,247)
Total equity	808,927	799,851
Total liabilities and equity	$ 3,597,381	$3,075,779

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2018, 2017 and 2016

(in thousands)	Year Ended December 31, 2018	2017	2016
Revenues			
Commissions and fees	$ 993,685	$ 795,095	$567,605
Contingent revenue	65,764	52,282	46,639
Total revenues	1,059,449	847,377	614,244
Expenses			
Compensation expense	609,563	535,517	366,901
Selling expense	19,830	16,328	13,114
Administrative expense	172,910	141,663	77,727
Transaction expense	2,187	4,241	2,908
Increase in fair value of earn-out payables, net	27,751	15,908	16,145
Depreciation and amortization expense	86,901	73,396	53,509
Total operating expenses	919,142	787,053	530,304
Income from operations	140,307	60,324	83,940
Interest expense	(126,628)	(111,429)	(98,422)
Accretion on fair value of earn-out payables, net	(10,440)	(10,097)	(14,102)
Debt extinguishment loss	—	(24,906)	—
Other income	7,273	5,498	(8,847)
Income (loss) before benefit for income taxes	10,512	(80,610)	(37,431)
(Provision) benefit for income taxes	(4,983)	45,001	10,861
Net income (loss)	$ 5,529	$ (35,609)	$ (26,570)

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2018, 2017 and 2016

(in thousands)	Year Ended December 31, 2018	2017	2016
Net income (loss)	$ 5,529	$(35,609)	$(26,570)
Other comprehensive income (loss), before tax			
Foreign currency translation adjustments	134	(79)	45
Unrealized (loss) on fixed maturity securities	(315)	(125)	—
Unrealized (loss) gain on interest rate hedges	(3,996)	616	(1,272)
Other comprehensive (loss) income, before tax	(4,177)	412	(1,227)
Income tax benefit related to items of other comprehensive income (loss)	701	(103)	493
Other comprehensive (loss) income	(3,476)	309	(734)
Comprehensive income (loss)	$ 2,053	$(35,300)	$(27,304)

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
CONSOLIDATED STATEMENTS OF EQUITY
For the Years Ended December 31, 2018, 2017 and 2016

(in thousands, except unit data)	Capital Contribution	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balances at January 1, 2016	$715,118	$ (8,068)	$(1,350)	705,700
Capital contribution from the Parent	10,000	—	—	10,000
Repurchase of units from departing employees	(52)	—	—	(52)
Unrealized (loss) on interest rate hedges, net of taxes	—	—	(779)	(779)
Foreign currency translation	—	—	45	45
Compensation expense related to incentive units	3,532	—	—	3,532
Net loss	—	(26,570)	—	(26,570)
Balances at December 31, 2016	728,598	(34,638)	(2,084)	691,876
Capital contribution from the Parent	125,382	—	—	125,382
Unrealized gain on interest rate hedges, net of taxes	—	—	487	487
Unrealized (loss) on fixed maturity securities, net of taxes			(99)	(99)
Foreign currency translation	—	—	(79)	(79)
Compensation expense related to incentive units	17,893	—	—	17,893
Net (loss)	—	(35,609)	—	(35,609)
Balances at December 31, 2017	871,873	(70,247)	(1,775)	799,851
Unrealized (loss) on interest rate hedges, net of taxes	—	—	(3,361)	(3,361)
Unrealized (loss) on fixed maturity securities, net of taxes	—	—	(249)	(249)
Foreign currency translation	—	—	134	134
Compensation expense related to incentive units	7,023	—	—	7,023
Net income	—	5,529	—	5,529
Balances at December 31, 2018	$878,896	$(64,718)	$(5,251)	$808,927

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018, 2017 and 2016

(in thousands)	Year Ended December 31, 2018	2017	2016
Cash flows from operating activities			
Net income (loss)	$ 5,529	$ (35,609)	$ (26,570)
Adjustments to net income (loss) to net cash provided by operating activities			
Amortization	77,918	66,209	49,582
Depreciation	8,983	7,187	3,927
Debt extinguishment loss	—	24,906	—
Bad debt expense	521	436	371
Equity-based compensation	7,023	17,893	3,532
Change in estimated acquisition earn-out payables	38,032	26,005	30,368
Payments on acquisition earn-outs in excess of original estimated payables	(13,743)	(30,190)	(8,388)
Amortization of debt discount and debt issuance cost	7,364	7,912	7,768
Change in fair value of de-designated interest swap contracts	(6,154)	(5,240)	—
Deferred income taxes	3,574	(43,396)	(13,901)
Other, net	435	366	(1,499)
Changes in operating assets and liabilities, net of effect from acquisitions			
Trust cash	9,541	1,540	2,914
Restricted cash	(1,918)	1,710	(2,130)
Accounts receivable	(12,404)	(7,821)	(5,328)
Other assets	4,575	(8,151)	(1,921)
Accounts payable	24,311	(6,639)	3,015
Customer advances	(8,302)	10,233	1,783
Producer payables	5,873	172	1,561
Accrued interest	(1,270)	14,726	(14,987)
Other accrued expenses	(39,300)	32,725	15,867
Reserve for unpaid losses and loss adjustment expenses	(445)	(650)	—
Deferred revenue	5,057	6,002	—
Other liabilities	(1,735)	(74)	1,668
Net cash provided by operating activities	113,465	80,252	47,632
Cash flows from investing activities			
Additions to fixed assets	(7,261)	(6,060)	(8,193)
Payments for businesses acquired, net of cash (Note 2)	(464,978)	(447,045)	(233,007)
Changes in restricted cash used for business acquisitions	(58,057)	22,966	472
Payments for customer accounts acquired	(658)	(10,407)	(1,499)
Purchases of fixed maturity securities	(5,565)	(4,355)	—
Proceeds from sales and maturities of fixed maturity securities	9,769	3,739	—
Proceeds from sales of books of business	5,774	759	2,560
Net cash used in investing activities	(520,976)	(440,403)	(239,667)
Cash flows from financing activities			
Capital contribution from the Parent	—	48,200	10,000
Payments on acquisition holdback	(603)	(1,485)	(1,750)
Payments on acquisition earn-out payables	(26,396)	(26,108)	(24,558)
Proceeds from issuance of long-term debt	469,450	898,692	217,005
Payments on long-term debt	(15,688)	(457,148)	(8,763)
Borrowings on revolving credit facility	238,000	151,000	261,000
Payments on revolving credit facility	(238,000)	(182,000)	(264,045)
Payments on capitalized debt issuance costs	—	(11,183)	(3,425)
Payment of call premium associated with debt extinguishment	—	(8,940)	—
Other, net	(125)	241	109
Net cash provided by financing activities	426,638	411,269	185,573
Net (decrease) increase in cash and cash equivalents	19,127	51,118	(6,462)
Cash and cash equivalents			
Beginning of year	130,617	79,499	85,961
End of year	$ 149,744	$ 130,617	$ 79,499

The accompanying notes are an integral part of these consolidated financial statements.

1. Overview and Summary of Significant Accounting Policies

AssuredPartners, Inc. and its subsidiaries (the Company), is an indirect, wholly-owned subsidiary of Dolphin Holdco, L.P. (the Parent). The Company is one of the leading insurance brokers in the United States (U.S.) and provides a broad array of insurance-related products and services on a retail basis to middle-market businesses, with a particular focus on property and casualty and employee benefits insurance products and solutions. The Company serves clients through over 5,000 employees in over 180 offices in thirty-five states across the U.S., the District of Columbia and United Kingdom (U.K.). Since its founding in 2011, the Company has built a broad platform that is concentrated in the U.S. through a strategic acquisition program coupled with a focus on driving organic growth. Through its operations, the Company provides diversified services to its customers through a broad range of insurance products and services to commercial, public entity, professional and individual customers.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of AssuredPartners, Inc. and its subsidiaries. All intercompany account balances and transactions have been eliminated in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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, as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The principal estimates used include, among others, the recognition of direct bill commission revenue, the allocation of purchase price to the fair value of net assets acquired in connection with acquisitions, the valuation of earn-out payables established as of the date of acquisitions, equity-based compensation, reserves for unpaid losses and loss adjustment expenses, and the estimated fair value of financial instruments. Actual results may differ from those estimates.

Revision of Previously Reported Consolidated Financial Statements

In connection with the preparation of the financial statements for the year ended December 31, 2018, the Company revised the consolidated balance sheets, statements of operations, statements of other comprehensive income and statements of equity and statements of cash flows for the year ended December 31, 2017, in relation to the reclassification of mark-to-market change during the period from April 2017 to December 2017 that resulted from the de-designation of two hedge instruments no longer being effective as of March 31, 2017.

The following table presents the effect of this revision on the affected line items in the Company's consolidated balance sheets, statements of operations, statements of other comprehensive income, statements of equity and statements of cash flows:

Year Ended December 31, 2017 *(in thousands)*	As Reported	Revision	As Revised
Balance Sheet			
Deferred income tax liabilities, net	40,695	(260)	40,435
Total liabilities	2,276,188	(260)	2,275,928
Accumulated other comprehensive income (loss)	2,056	(3,831)	(1,775)
Accumulated deficit	(74,338)	4,091	(70,247)
Total equity	799,591	260	799,851
Statement of Operations			
Other income	$ 1,133	$ 4,365	$ 5,498
Loss before income taxes	(84,975)	4,365	(80,610)
Benefit for income taxes	45,275	(274)	45,001
Net loss	(39,700)	4,091	(35,609)
Statement of Other Comprehensive Income			
Net loss	(39,700)	4,091	(35,609)
Unrealized gain (loss) on interest rate hedges	5,161	(4,545)	616
Other comprehensive income (loss), before tax	4,957	(4,545)	412
Income tax benefit related to items of other comprehensive income (loss)	(817)	714	(103)
Other comprehensive income (loss)	4,140	(3,831)	309
Comprehensive loss	(35,560)	260	(35,300)
Statement of Equity			
Accumulated other comprehensive income (loss)	2,056	(3,831)	(1,775)
Accumulated deficit	(74,338)	4,091	(70,247)
Total equity	799,591	260	799,851
Statement of Cash Flows			
Cash flows from operating activities			
Net loss	(39,700)	4,091	(35,609)
Gain from change in fair value of de-designated interest swap contracts	—	(5,240)	(5,240)
Deferred income taxes	(43,670)	274	(43,396)
Other, net (amortization of prior effectiveness of hedges)	—	875	875

Revenue Recognition

Commissions and Fees. Commission revenues are recognized at the later of the billing or the effective date of the insurance policy. Commission revenues are reported net of allowances for estimated policy cancellations and commissions paid to sub-brokers or co-brokers. The allowances for estimated policy cancellations are established based on historic and current data evaluated by management. Fee revenues, negotiated in lieu of commission, are recognized in the same manner as commission revenue. Fee revenues generated from other services, which include third-party claims administration and other risk management consulting services, are recognized as services are rendered. Fee revenues received in advance are deferred until earned.

Contingent Revenue. Supplemental and profit-sharing contingent commissions from insurance companies are recognized when determinable. The Company recognizes supplemental commission revenues using internal data and information received from insurance carriers that allows us to reasonably estimate the supplemental commissions earned in the period. A supplemental commission is a commission paid by an insurance carrier that is above the base commission paid, is based on historical performance criteria and is established annually in advance of the contractual period. The Company recognizes profit-sharing contingent commissions and commissions on premiums directly billed by insurance carriers as revenue when we have obtained the data necessary to reasonably determine such amounts. Typically, the Company cannot reasonably determine these types of commission revenues until the cash has been received or the related policy detail or other carrier specific information from the insurance carrier is known. A profit-sharing contingent commission is a commission paid by an insurance carrier and is based on, among other things, the overall underwriting results and/or growth of the business placed with that insurance carrier during a particular calendar year and is determined after the contractual period. The primary manner in which such fees are determined to be earned is when the commissions are received, or when officially notified of the amount of such commissions.

Acquisition Accounting

Assets acquired and liabilities assumed are recorded based on their respective fair values at the date of acquisition. Goodwill and other intangible assets generally represent the largest components of our acquisitions. Intangible assets include noncompete agreements, purchased customer accounts, trade names and acquired leases. Goodwill is calculated as the excess of the cost of the acquired agency over the net of the fair value of the assets acquired and the liabilities assumed. The principal factor that results in recognition of goodwill is a combination of the value the Company expects to receive as it provides additional markets and capabilities to the acquired companies, as well as the value we assign to the assembled workforce which may not be recognized as an intangible asset. Noncompete agreements, customer accounts, trade names and acquired leases are valued using the income approach which is predicated on developing cash flow projections. Contingent liabilities that arise from acquisitions, referred to as “earn-out payables,” are established and measured at fair value as of the acquisition date.

The amounts recorded as earn-out payables are primarily based upon estimated future operating results of the acquired entities over a one- to three-year period and are recorded as part of the purchase price consideration. The fair value of the earn-out payables is based on the present value of the expected future payments to be made to the sellers of the acquired entities in accordance with the provisions outlined in the respective purchase agreements. The Company estimates future payments using the earn-out formula and performance targets specified in each purchase agreement and these financial projections. In determining fair value, the Company estimates the acquired entity’s future performance using financial projections developed by management and market participant assumptions that were derived for revenue growth and/or profitability. The Company utilizes an option-pricing approach to incorporate the risks associated with financial projections, counterparty credit risk, as well as the nature of the earn-out payout structure. Subsequent changes in these estimated earn-out payables, including the accretion of discount and changes in fair value, are recorded in the consolidated statements of operations when incurred.

The Company also acquires other assets and assumes other liabilities that typically include accounts receivable, accounts payable and other working capital items. Due to their short-term nature, the book values of these other assets and liabilities generally approximate the fair values that are recorded on the balance sheet of the acquired business.

Transaction Expenses

In the process of acquiring companies, the Company incurs certain incremental costs associated with consummating the transactions. These costs are expensed as incurred and include, but are not limited to, legal, advisory, accounting and valuation experts.

Cash and Cash Equivalents

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments with quoted market prices with maturities not in excess of three months when purchased.

Restricted Cash

Certain of the Company's cash balances are contractually limited or are generally designated for specific purposes arising out of other obligations. These cash balances are classified as restricted cash in the accompanying consolidated balance sheets.

Trust Cash and Accounts Receivable, Net

Unremitted net insurance premiums are held in a fiduciary capacity until the Company disburses them. The Company invests these unremitted funds primarily in cash and money market accounts. In certain states in which the Company operates, the use of investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as trust cash on the consolidated balance sheets. The interest income earned on these unremitted funds is reported as other income in the consolidated statements of operations.

The Company's accounts receivable, net is comprised of premiums and commissions receivable. In its capacity as an insurance agent or broker, the Company typically collects premiums from insureds and, after deducting its authorized commissions, remits the net premiums to the appropriate insurance company or companies. Accordingly, premiums receivables are accounts receivable from the insureds. In other circumstances, insurance companies collect premiums directly from the insureds themselves and upon collection, the insurance companies remit to the Company its earned commissions. Accordingly, commissions receivables are accounts receivable from insurance companies.

Investments

In connection with the acquisition of Keenan & Associates (Keenan) on March 31, 2017 (Keenan Acquisition), the Company acquired a wholly-owned subsidiary of Keenan, Meritage Insurance Group, Inc. (Meritage), a captive insurance company formed and domiciled in the state of Hawaii.

Meritage's investments are classified as available-for-sale, which are carried at fair market value with unrealized gains or losses reported as accumulated other comprehensive income or loss within the consolidated balance sheets. The cost of investments sold is based on the specific identification method. Premiums and discounts are amortized using the interest method. Investment expenses are included in other income within the consolidated statements of operations.

For mortgage-backed securities (MBS) and asset-backed securities (ABS), the Company recognizes income using a constant effective yield based on anticipated prepayments over the economic life of the security.

The mortgage-backed portfolio is accounted for under the retrospective method and prepayment assumptions are based on market expectations. When actual prepayments differ significantly from anticipated prepayments, the effective yield is recalculated to reflect actual payments to date and anticipated future payments, and any resulting adjustment is included in other income within the consolidated statements of operations.

The Company assesses whether other-than-temporary impairments (OTTIs) have occurred based upon the Company's case-by-case evaluation of the underlying reasons for the decline in estimated fair value. All securities with a gross unrealized loss at the balance sheet date are subject to the Company's process for identifying OTTIs. The Company considers a wide range of factors and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for recovery.

Considerations used by the Company in the impairment evaluation process include, but are not limited to, the following:

- The duration and extent that the estimated fair value has been below the net carrying amount
- Industry factors or conditions related to a geographic area that are negatively affecting the security
- Underlying valuation of assets specifically pledged to support the credit
- Past due interest or principal payments or other violation of covenants
- Deterioration of the overall financial condition of the specified issuer
- Downgrades by a rating agency
- Intent to sell the security or if it is more likely than not the Company will be required to sell the security before the recovery of amortized cost
- Fundamental analysis of the liquidity and financial condition of the specified issuer

If the Company determines that an OTTI has occurred, an OTTI shall be recognized in earnings equal to the entire difference between the fixed maturity security's amortized cost basis and its fair value at the reporting date. After the recognition of OTTI, the security is accounted for as if it had been purchased on the measurement date of the OTTI and the fair value on the date of the OTTI becomes the new cost basis for the security.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist of investments. The Company's investments are available-for-sale fixed maturity securities in corporate and government obligations, as well as non-agency MBS and ABS. These investments are managed by professional investment managers under investment guidelines. At December 31, 2018, there was no significant concentration of financial instruments in a single investee, industry or geographic location.

Fixed Assets, Net

Fixed assets, net are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are carried at cost, less accumulated depreciation and amortization. Expenditures for leasehold improvements are capitalized, and expenditures for maintenance and repairs are expensed to operations as incurred. 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 other income in the consolidated statement of operations. The Company capitalizes certain costs incurred, if any, to internally developed software upon the establishment of technological feasibility. Costs incurred prior to the establishment of technological feasibility are expensed as incurred. Estimated useful lives of the Company's fixed assets generally range from three to fifteen years. Useful lives of the leasehold improvements are generally the shorter of the useful life of the leasehold improvement or the term of the related lease.

Goodwill and Intangible Assets

The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and intangible net assets is assigned to goodwill. While goodwill is not amortizable, in accordance with Accounting Standards Codification (ASC) Topic 350, Intangibles—*Goodwill & Other*, the Company is required to test goodwill for impairment at least annually, and more frequently in the presence of certain circumstances, by applying a fair value-based test. Amortizable intangible assets are amortized over their useful lives and are subject to an impairment review based on an estimate of the undiscounted future cash flows resulting from the use of the asset.

The Company reviews all intangible assets for impairment periodically (at least annually for goodwill) and whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. The Company performs such impairment reviews at the operating platform (i.e. reporting unit) level with respect to goodwill and at the business unit level for amortizable intangible assets. In reviewing the intangible assets, if the fair value was less than the carrying amount of the respective asset, an indicator of impairment would exist and further analysis would be required to determine whether or not a loss would need to be charged against current period earnings as a component of amortization expense.

For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, the implied fair value of the reporting unit goodwill is compared to the carrying value of that goodwill to measure the amount of impairment loss, if any. In such instances, the implied fair value of the goodwill is determined in the same manner as the amount of goodwill that would be determined in a business acquisition. The Company tests goodwill for impairment by either performing a qualitative assessment or a two-step quantitative test. The qualitative assessment is an assessment of historical information and relevant events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The Company may elect not to perform the qualitative assessment for some or all of its reporting units and instead perform a two-step quantitative impairment test. In performing the two-step quantitative impairment test, the Company uses a discounted cash flow valuation method (the income approach).

The Company completed its annual goodwill impairment assessment as of September 30, 2018. There were no events or changes since the period following the annual impairment review through December 31, 2018 that caused the Company to perform an interim period impairment assessment.

Amortizable intangible assets are stated at cost, less accumulated amortization. Purchased customer accounts and noncompete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to twenty years. Purchased customer accounts primarily consist of records and files that contain information about insurance policies and the related insured parties that are essential to policy renewals. Purchased trade name is amortized over five years. The favorable lease assets or unfavorable lease liabilities that arise from the business combinations are amortized over the remaining term of the respective lease agreements.

Reserve for Unpaid Losses and Loss Adjustment Expenses

Meritage is licensed as a Class 4 sponsored captive insurance company and, as such, is authorized to be a reinsurer and direct writer of insurance. Meritage writes and reinsures workers' compensation business and excess liability business only for policyholders associated with Keenan.

Unpaid claims and loss adjustment expenses consist of (1) case or claims reserves for known claims that are unpaid as of the balance sheet date; (2) incurred but not reported reserves for claims when the insured event has occurred but has not been reported to the Company; and (3) loss adjustment expense reserves for the expected costs of settling these claims. The Company determines the amount of the liability for incurred but not paid claims by following a detailed actuarial process that entails using both historical claim payment patterns as well as emerging medical cost trends to project our best estimate of claim liabilities. Under this process, historical paid claims data is formatted into "claim triangles," which compare claim incurred dates to the dates of claim payments. This information is analyzed to create "completion factors" that represent the average percentage of total incurred claims that have been paid through a given date after being incurred. Completion factors are applied to claims paid through the period end date to estimate the ultimate claim expense incurred for the period.

Because the reserve methodology is based upon historical information, it must be adjusted for known or suspected operational and environmental changes. These adjustments are made by the Company based on the knowledge and the estimate of emerging impacts to benefit costs and payment speed. Circumstances to be considered in developing the best estimate of reserves include changes in mix of business, claim inventory levels, claim processing patterns, claim submission patterns. A comparison of prior period liabilities to re-estimated claim liabilities based on subsequent claims development is also considered in making the liability determination.

The Company regularly reviews and sets assumptions regarding cost trends and utilization when initially establishing claim liabilities. The Company continually monitors and adjusts the claims liability and expense based on subsequent paid claims activity. Prior period development is recognized immediately upon the Company's judgment that a portion of the prior period liability is no longer needed or that an additional liability should have been accrued. Such determination is made when sufficient information is available to ascertain that the re-estimate of the liability is reasonable.

The Company consistently estimates incurred but not yet reported losses using actuarial principles and assumptions based on settlement factors derived from its historical experiences, which reflect judgments and possible adjustments based on data such as historical and projected claim incidence patterns, claim size, expected payment patterns and period. The Company recognizes the best estimate of the ultimate liability under moderately adverse conditions. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in current earnings.

Debt issuance costs

Debt issuance costs related to a recognized debt liability are directly deducted from the carrying amount of debt liability. These costs, along with debt discounts, are deferred and amortized over the term of the debt using the effective interest method.

Equity-based Compensation

The Company accounts for equity-based compensation in accordance with ASC Topic 718, *Compensation—Stock Compensation*. The Company measures the grant-date fair value of the equity-based compensation awards using the Black-Scholes pricing model and recognizes the compensation expense within the consolidated statements of operations.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes* (ASC 740). Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates which apply to the taxable income in years in which these temporary differences are expected to impact taxable income. The effect on deferred tax assets and liabilities as a result of a change in tax rates is recorded in the results of continuing operations in the period that includes the enactment date under law.

The Company reduces deferred tax assets by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. All significant available positive and negative evidence is considered in determining the amount of valuation allowance required, which includes, but is not limited to, the Company's estimate of future taxable income and any applicable tax-planning strategies. Establishment or reversal of certain valuation allowances may have a significant impact on both current and future results.

For uncertain tax positions, ASC 740 prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company records interest and penalties, if any, related to unrecognized tax benefits in the provision for income taxes.

Foreign Currency Translation

Certain of the Company's account balances have been translated in accordance with ASC Topic 830, *Foreign Currency Matters*. The functional currency of the United Kingdom's entities is the British pound sterling. The assets and liabilities of the United Kingdom entities have been translated at the exchange rate in effect on the last day of the year. Income and expense accounts were translated at the average exchange rate in effect during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included in the accumulated other comprehensive loss within the consolidated statements of equity.

New Accounting Pronouncements Adopted

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718) – Scope of Modification Accounting* ("ASU 2017-09") which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. These amendments should be applied prospectively to changes in terms and conditions of awards occurring on or after the adoption date. In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation*

(Topic 718) – Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09") which are intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments are effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. The adoption of ASU 2017-09 and ASU 2016-09 did not have a material impact on the Company's consolidated financial statements.

New Accounting Standards Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606*) (ASU 2014-09). The amendments in ASU 2014-09 outline a single comprehensive model that replaces most existing US GAAP revenue recognition guidance and depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption is required for annual reporting periods beginning after December 15, 2018, as well as interim periods within annual reporting periods beginning after December 15, 2019 for non-public companies. An entity is required to apply the amendments using either the full retrospective approach or retrospectively with a cumulative effect of initially applying the amendments recognized at the date of initial application (the modified retrospective method). The Company is evaluating the transition method to be adopted, but currently expects to use the modified retrospective method.

A preliminary assessment to determine the impacts of ASU 2014-09 has been performed. Under ASU 2014-09, commission revenues, which are currently recognized at the later of the billing or effective date of the insurance policy, will be recognized on the effective date of the insurance policy, when the control of the insurance policy transfers to the customer. The Company will also be required to defer certain commission revenues to reflect the nature of on-going obligations and delivery of services over the contract period. In addition, contingent revenues, which are currently recognized when determinable, will be estimated and accrued in a consistent manner that the commission revenues are recognized. The Company also expects certain costs to fulfill, and, to obtain a contract will be capitalized and amortized on a systematic basis consistent with the transfer of the services to which they relate. The Company is implementing accounting and operational processes and controls to ensure compliance with the new standard but is still evaluating the quantitative impacts the standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). This amendment requires an entity to recognize lease assets and lease liabilities arising from most leases on the balance sheet by lessees. These amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years for non-public companies. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. While the Company is still evaluating the impact of adoption of this new guidance, it is anticipated that the Company will be required to record a right of use asset and corresponding liability related to its operating leases on the consolidated balance sheets upon adoption.

2. Business Combinations

During fiscal years 2018, 2017 and 2016, the Company acquired substantially all the net assets of the following companies in exchange primarily for cash. These acquisitions have been accounted for using the acquisition method for recording business combinations. The results of the following acquired companies are included in the Company's statement of operations from the date of acquisition during fiscal years 2018, 2017, and 2016, respectively. Certain amounts recorded reflect management's best estimate at the consolidated balance sheet date and may change during the measurement period (not to exceed one year from date of acquisition). Such changes relate to final adjustments of working capital balances included in the purchase prices and are not expected to be material. During 2018, adjustments made within the permitted measurement period resulted in an increase in the aggregate purchase price.

Business combinations during fiscal year 2018

Acquisition	Date of Acquisition
DeVenne Insurance, LLC	January 12, 2018
Delco Insurance Group, LLC	January 12, 2018
BWE Insurance, LLC	January 12, 2018
William Adams & Associates, Inc.	January 12, 2018
CCIM, Inc.	January 22, 2018
Wissmiller, Inc.	February 1, 2018
Beimdiek Insurance Agency, Inc.	February 9, 2018
Insurance Associates of Magee, Inc.	March 9, 2018
Insurance Associates of Lamar County, LLC	March 9, 2018
MedLink, Inc. (d/b/a AgencyLink) & Agency One, LLC	March 27, 2018
The Elan Group, Inc.	April 6, 2018
Cornerstone Insurance Group LLC (Cornerstone)	April 13, 2018
National Insurance Services of Wisconsin, Inc. (NIS)	May 1, 2018
Peoples Insurance Agency Ltd.	May 3, 2018
TN McDaniel, L.C.	May 17, 2018
Main Street Insurance, LLC	June 1, 2018
Bell Insurance Group, Inc.	June 1, 2018
Lundy & Clark Insurance Group, LLC	June 11, 2018
Collins Insurance Specialists, Inc.	June 11, 2018
Kincel & Company, Ltd.	June 12, 2018
Financial Directions Group, Inc.	July 2, 2018
B&W Brokers	July 2, 2018
Safeguard Insurance, LLC	July 3, 2018
Hutson Group, Inc.	July 3, 2018
The Ranew Insurance Agency, Inc.	August 1, 2018
Wellington F. Roemer Insurance, Inc.	September 4, 2018
Biddle & Company Insurance Brokers	September 4, 2018
Biddle Insurance Services, Inc.	September 4, 2018
BluePoint Financial, LLC and Schaefer Financial Group, Inc.	September 6, 2018
Evolve Consulting Group, Inc.	September 6, 2018
Ricci Associates, Inc.	September 7, 2018
The Boon Group, Inc. (Boon)	September 19, 2018
J.S. Clark Agency, Inc.	October 24, 2018
Carriage Insurance Agency, Inc.	November 16, 2018

Business combinations during fiscal year 2018 (continued)

Acquisition	Date of Acquisition
AOPA Insurance Agency, Inc.	December 2, 2018
Airpower Insurance, LLC	December 7, 2018
BLPS, LLC d/b/a Torres Insurance	December 18, 2018
Darton & Company, Inc.	December 21, 2018
AirSouth Insurance, Inc.	December 24, 2018
Weber Aviation Insurance Services, Inc.	December 24, 2018
Brown & Brown of Florida, Inc.—Ricardo J. Vargas, Jr.	December 31, 2018

Business combinations during fiscal year 2017

Acquisition	Date of Acquisition
Phillips Agency, Inc.	January 25, 2017
Dealey, Renton & Associates, Inc.	January 27, 2017
M.F. Irvine Companies, LLC	March 10, 2017
Janice Anderson Consulting, Inc.	March 10, 2017
Fleet Risk Management, Inc.	March 17, 2017
Keenan & Associates	March 31, 2017
Preferred Guardian Insurance Group, Inc.	April 12, 2017
Craft insurance	May 18, 2017
Alkali, LLC	June 1, 2017
Benefit Resource Group	June 9, 2017
Front Range Insurance	June 30, 2017
Naught Insurance Agency	August 1, 2017
Midlothian Insurance Agency	August 3, 2017
Triton Insurance Group	August 9, 2017
Herlong Bates Burnett Insurance, Inc.	August 24, 2017
Synergy Professional Associates, Inc.	October 4, 2017
Hope Aviation Insurance, Inc.	October 6, 2017
Willis of Florida, Inc.	October 16, 2017
The Hartfield Company, Inc.	November 1, 2017
Sachs Walsh Insurance	November 1, 2017
English Insurance Group, LLC	November 10, 2017
Odom Scruggs & Associates, LLC	November 14, 2017
Owen Dunn Insurance Services	December 1, 2017
Insurance & Risk Management Services, Inc.	December 4, 2017
B.B. Miller & Company	December 6, 2017
Lindsay Insurance Group, Inc.	December 21, 2017

Business combinations during fiscal year 2016

Acquisition	Date of Acquisition
Archer A. Associates, Inc.	January 4, 2016
Suydam Insurance Agency, LLC	January 13, 2016
Van Zandt, Emerich & Cary, Inc.	January 15, 2016
Encompass Risk Solutions, inc.	January 20, 2016
MRW Group, Inc.	February 8, 2016
Michael J. Hall & Company	February 12, 2016
Charles Lee Fitch, Ltd.	February 17, 2016
Bridgepoint Insurance Group, Inc.	February 17, 2016
Employee Benefit Services, Inc.	February 22, 2016
Clark Associates, Inc.	February 22, 2016
E.L.M Insurance Brokers, Inc.	February 22, 2016
Wells Fargo Insurance Services USA, Inc.—Velin	March 1, 2016
AssureSouth, Inc.	March 11, 2016
The Bynum Company, Inc.	April 1, 2016
Riverbend Insurance Agency	April 5, 2016
Daly-Merritt Direct, Inc. (Daly Merritt)	April 7, 2016
Maxim Insurance Services, Inc.	May 2, 2016
Armada Administrators LLC	July 1, 2016
Ferrario Insurance Agency, Inc.	July 1, 2016
Gerrity, Baker, Williams, Inc.	July 1, 2016
L.J. Stein and Company, Inc.	July 1, 2016
LegacyTexas Insurance Services, Inc.	July 1, 2016
Centennial Surety Associates, Inc.	July 1, 2016
Florida Insurance Specialists, LLC (FIS)	July 7, 2016
National Healthcare Access, Inc.	July 12, 2016
Sowell Insurance Agency, Inc.	August 16, 2016
Benefit Specialists, Inc.	September 1, 2016
Southern Risk Insurance Services, LLC	September 8, 2016
Kentucky Insurance Group, LLC	September 16, 2016
Insurance Resource Consultants, Inc.	October 14, 2016
Van Meter Incusrance Agency, Inc.—D. Ray	October 27, 2016
Chisholm Richards & Hart Limited	November 2, 2016
Tucker, Johnson, & Smeltzer (TJS)	November 7, 2016
8 Others	Various

Total consideration transferred during the fiscal year 2018, 2017 and 2016 are as follows:

(in thousands)	Cornerstone	NIS	Boon	Other	Total
Cash	$67,859	$56,347	$106,548	$ 241,276	$472,030
Notes or other payables	—	—	—	—	—
Purchase price holdback	—	785	—	525	1,310
Recorded earn-out payable	3,321	—	12,162	15,680	31,163
Total consideration transferred	$71,180	$57,132	$118,710	$ 257,481	$504,503
Maximum potential earn-out payable	$16,721	$ —	$ 30,000	$ 71,968	$118,689

(in thousands)	DRA	Keenan[(1)]	Naught	Other	Total
Cash	$48,800	$251,210	$37,565	$140,426	$478,001
Notes or other payables	—	818	—	—	818
Purchase price holdback	—	—	—	—	—
Recorded earn-out payable	—	—	3,651	13,342	16,993
Total consideration transferred	$48,800	$329,210	$41,216	$153,768	$572,994
Maximum potential earn-out payable	$ —	$ —	$12,460	$ 54,757	$ 67,217

(1) Consideration paid for Keenan Acquisition at closing on March 31, 2017, was funded through a combination of cash, debt, rollover of equity from the seller and the issuance of new equity units by the Parent (Notes 10 & 13).

(in thousands)	Daly Merritt	FIS	TJS	Other	Total
Cash	$42,808	$28,475	$20,268	$145,455	$237,006
Notes or other payables	—	3,350	—	831	4,181
Purchase price holdback	—	—	250	1,039	1,289
Recorded earn-out payable	2,408	2,017	1,509	12,183	18,117
Total consideration transferred	$45,216	$33,842	$22,027	$159,508	$260,593
Maximum potential earn-out payable	$12,605	$ 8,175	$ 6,875	$ 49,302	$ 76,957

The amounts of identifiable assets acquired and liabilities assumed for the business combinations that occurred during the fiscal year 2018, 2017 and 2016 are as follows:

(in thousands)	Cornerstone	NIS	Boon	Other	Total
Cash	$ 561	$ 1,628	$ 3,322	$ 2,409	$ 7,920
Restricted cash	—	—	—	474	474
Trust cash	250	442	—	6,803	7,495
Other current assets	3,088	3,254	10,734	11,701	28,777
Fixed assets	80	589	1,617	606	2,892
Goodwill	37,181	28,761	76,875	154,783	297,600
Noncompete agreements	624	1,030	230	—	1,884
Purchased customer accounts	30,800	24,300	30,700	98,482	184,282
Other non-current assets	—	—	276	6	282
Total assets acquired	72,584	60,004	123,754	275,264	531,606
Current liabilities	1,404	2,615	5,044	16,827	25,890
Non-current liabilities	—	257	—	956	1,213
Total liabilities assumed	1,404	2,872	5,044	17,783	27,103
Total net assets acquired	$71,180	$57,132	$118,710	$257,481	$504,503

Approximately $254.6 million, of $297.6 million in goodwill, is tax deductible and is amortized over 15 years for income tax purposes and $12.7 million is nondeductible for income tax purposes. The remaining $30.3 million relates to the acquisition earn-out payables and will not be deductible until it is earned and paid.

(in thousands)	DRA	Keenan[(2)]	Naught	Other	Total
Cash	$ 1,750	$ 24,381	$ 254	$ 4,725	$ 31,110
Restricted cash	101	2,000	—	1	2,102
Trust cash	4,429	3,810	—	3,767	12,006
Other current assets	2,185	37,706	1,917	8,978	50,786
Fixed assets	48	8,082	52	339	8,521
Goodwill	22,693	170,357	28,104	94,816	315,970
Noncompete agreements	1,042	—	—	—	1,042
Purchased customer accounts	24,700	274,900	17,128	60,020	376,748
Other non-current assets	—	2,989	—	32	3,021
Total assets acquired	56,948	524,225	47,455	172,678	801,306
Current liabilities	8,148	49,743	1,487	16,824	76,202
Non-current liabilities	—	145,272	4,752	2,086	152,110
Total liabilities assumed	8,148	195,015	6,239	18,910	228,312
Total net assets acquired	$48,800	$329,210	$41,216	$153,768	$572,994

(2) Other current assets include fixed maturity securities – available-for-sale of $28.4 million, which are measured at fair value. Refer to Notes 3 and 8. Other non-current assets include $1.0 million of favorable acquired leasehold interests. Current liabilities include $5.3 million of the current portion of reserve for unpaid losses and loss adjustment expenses and $23.8 million of current portion of deferred revenue. Non-current liabilities include $89.7 million of deferred tax liabilities, $20.2 million of the non-current portion of reserve for unpaid losses and loss adjustment expenses, $34.5 million of non-current portion of deferred revenue, and $1.4 million of unfavorable acquired leasehold interests.

Approximately $98.7 million, of $316.0 million in goodwill, is tax deductible and is amortized over 15 years for income tax purposes and $204.5 million is nondeductible for income tax purposes. The remaining $12.8 million relates to the acquisition earn-out payables and will not be deductible until it is earned and paid.

(in thousands)	Daly Merritt	FIS	TJS	Other	Total
Cash	$ 490	$ 265	$ 1	$ 3,656	$ 4,412
Restricted cash	—	—	—	—	—
Trust cash	—	—	2,094	5,153	7,247
Other current assets	1,127	924	229	8,238	10,518
Fixed assets	50	267	50	824	1,191
Goodwill	25,629	19,627	13,460	97,861	156,577
Noncompete agreements	80	—	—	—	80
Purchased customer accounts	20,490	13,130	8,201	57,790	99,611
Other non-current assets	—	120	—	—	120
Total assets acquired	47,866	34,333	24,035	173,522	279,756
Current liabilities	985	492	2,007	14,014	17,498
Non-current liabilities	1,665	—	—	—	1,665
Total liabilities assumed	2,650	492	2,007	14,014	19,163
Total net assets acquired	$45,216	$33,841	$22,028	$159,508	$260,593

Approximately $132.6 million, of $156.6 million in goodwill, is tax deductible and is amortized over 15 years for income tax purposes and $6.7 million is nondeductible for income tax purposes. The remaining $17.3 million relates to the acquisition earn-out payables and will not be deductible until it is earned and paid.

A reconciliation of the acquisition earn-out payables is as follows:

(in thousands)	Year Ended December 31, 2018	2017	2016
Balances as of beginning of the period	$ 69,965	$ 83,265	$ 67,726
Estimated acquisition earn-out payables	31,163	16,993	18,117
Payments for estimated acquisition earn-out payables	(40,139)	(56,298)	(32,946)
Settled but unpaid acquisition earn-out payables	(8,428)	—	—
Subtotal	52,561	43,960	52,897
Net change in earnings from estimated acquisition earn-out payables			
Change in fair value on estimated acquisition earn-out payables	27,592	15,908	16,266
Interest expense accretion	10,440	10,097	14,102
Net change in earnings from estimated acquisition earn-out payables	38,032	26,005	30,368
Balances as of end of the period	$ 90,593	$ 69,965	$ 83,265

3. Investments

The amortized cost and fair value of the financial assets are as follows**:**

	As of December 31, 2018				As of December 31, 2017			
(in thousands)	Amortized Cost	Gross Unrealized (Losses)	Gross Unrealized Gains	Fair Value	Amortized Cost	Gross Unrealized (Losses)	Gross Unrealized Gains	Fair Value
Government obligations - US government	$ 6,796	$(240)	$—	$ 6,556	$10,662	$(186)	$ 8	$10,484
US agency:								
Residential MBS	6,802	(85)	25	6,742	7,802	(45)	34	7,791
Commercial MBS	571	(11)	—	560	571	(3)	2	570
Other ABS	144	—	—	144	148	—	1	149
Total US agency	7,517	(96)	25	7,446	8,521	(48)	37	8,510
Total government obligations	14,313	(336)	25	14,002	19,183	(234)	45	18,994
Corporate bonds:								
United States	6,114	(148)	2	5,968	5,643	(22)	39	5,660
Other foreign	966	(21)	1	946	1,182	(7)	12	1,187
Total corporate bonds	7,080	(169)	3	6,914	6,825	(29)	51	6,847
Non-agency ABS:								
Residential MBS	357	(3)	3	357	471	(5)	4	470
Commercial MBS	215	(1)	—	214	159	—	2	161
Other ABS	2,567	(8)	3	2,562	2,306	(3)	1	2,304
Total non-agency ABS	3,139	(12)	6	3,133	2,936	(8)	7	2,935
Total	$24,532	$(517)	$ 34	$24,049	$28,944	$(271)	$103	$28,776

The number, fair values, and duration of investments in a continuous loss position are as follows:

	As of December 31, 2018					
	Less than 12 Months			Greater than 12 Months		
(in thousands, except for investments quantities)	Number of Investments	Gross Unrealized (Losses)	Estimated Fair Value	Number of Investments	Gross Unrealized (Losses)	Estimated Fair Value
Government obligations -						
US government	2	$ (9)	$ 955	7	$(233)	$ 5,600
US agency:						
Residential MBS	29	(24)	2,339	36	(60)	2,841
Commercial MBS	1	(2)	242	2	(9)	316
Other ABS	5	(1)	224	8	(7)	1,137
Total US agency	35	(27)	2,805	46	(76)	4,294
Total government obligations	37	(36)	3,760	53	(309)	9,894
Corporate bonds:						
United States	81	(79)	3,613	40	(68)	2,052
Other foreign	13	(16)	628	5	(5)	176
Total corporate bonds	94	(95)	4,241	45	(73)	2,228
Non-agency ABS:						
Residential MBS	1	—	37	3	(3)	127
Commercial MBS	1	(1)	131	—	—	—
Other ABS	1	—	144	—	—	—
Total non-agency ABS	3	(1)	312	3	(3)	127
Total	134	$(132)	$8,313	101	$(385)	$12,249

(in thousands, except for investments quantities)	As of December 31, 2017					
	Less than 12 Months			Greater than 12 Months		
	Number of Investments	Gross Unrealized (Losses)	Estimated Fair Value	Number of Investments	Gross Unrealized (Losses)	Estimated Fair Value
Government obligations—						
US government	8	$ (60)	$ 5,810	5	$(126)	$3,025
US agency:						
Residential MBS	30	(18)	2,869	—	—	—
Commercial MBS	2	(3)	322	13	(27)	1,350
Total US agency	32	(21)	3,191	13	(27)	1,350
Total government obligations	40	(81)	9,001	18	(153)	4,375
Corporate bonds:						
United States	40	(13)	2,013	6	(9)	362
Canada	4	—	110	1	(1)	39
Mexico	1	—	94	1	(3)	20
Other foreign	3	(1)	105	1	(2)	19
Total corporate bonds	48	(14)	2,322	9	(15)	440
Non-agency ABS:						
Residential MBS	1	—	49	3	(5)	175
Other ABS	13	(3)	1,720	—	—	—
Total non-agency ABS	14	(3)	1,769	3	(5)	175
Total	102	$ (98)	$13,092	30	$(173)	$4,990

Unrealized losses were primarily due to interest rate fluctuations and market movements during the year and are not considered to be other-than-temporarily impaired as the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized costs. Accordingly, for the year ended December 31, 2018 and the period from March 31, 2017 and December 31, 2017, no losses were recognized from other-than-temporary impairments.

A summary of the amortized cost and fair value of fixed maturity securities as of December 31, 2018, by contractual maturity, are as follows:

(in thousands)	Amortized Cost	Fair Value
Due in one year or less	$ 793	$ 790
Due in over one year through five years	4,993	4,896
Due after five through ten years	8,090	7,784
Total fixed maturity investments	13,876	13,470
Agency and non-agency MBS and ABS	10,656	10,579
Total investments	$24,532	$24,049

Expected maturities may differ from stated due dates because borrowers may have the right to call or prepay obligations.

4. Fixed Assets, Net

Major classes of fixed assets consist of the following as of December 31, 2018 and 2017 are as follows:

(in thousands)	2018	2017
Office equipment	$ 2,437	$ 2,499
Furniture and fixtures	10,612	10,549
Computer equipment	8,183	8,036
Computer equipment on capital lease	2,819	258
Interest in company aircraft	1,422	1,422
Leasehold improvements	4,331	2,723
Software and other	16,964	17,680
Total fixed assets	46,768	43,167
Accumulated depreciation	(21,249)	(20,193)
	25,519	22,974
Construction in process	1,386	122
Fixed assets, net	$ 26,905	$ 23,096

5. Goodwill and Amortizable Intangible Assets

The change in goodwill for the years ended December 31, 2018, 2017 and 2016 are as follows:

(in thousands)	
Balance as of January 1, 2016	$1,125,526
Goodwill of acquired businesses	156,002
Goodwill adjustment related to purchase accounting	988
Goodwill disposed of relating to sales of businesses	(137)
Balance as of December 31, 2016	$1,282,379
Goodwill of acquired businesses	315,970
Goodwill adjustment related to purchase accounting	138
Balance as of December 31, 2017	1,598,487
Goodwill of acquired businesses	297,600
Goodwill adjustment related to purchase accounting	4,644
Balance as of December 31, 2018	$1,900,731

The carrying amount of the amortizable intangible assets, net are as follows:

(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life
Purchased customer accounts	$1,329,176	$(198,468)	$1,130,708	13.9
Noncompete agreements	5,274	(3,197)	2,077	3.8
Trade name	120	(60)	60	2.5
Favorable lease assets	3,240	(1,472)	1,768	3.6
Balances as of December 31, 2018	$1,337,810	$(203,197)	$1,134,613	
Purchased customer accounts	$1,150,695	$(122,410)	$1,028,285	14.7
Noncompete agreements	3,390	(2,012)	1,378	1.5
Trade name	120	(34)	86	3.6
Favorable lease assets	3,384	(913)	2,471	5.3
Balances as of December 31, 2017	$1,157,589	$(125,369)	$1,032,220	

Estimated amortization expense for amortizable intangible assets for the years ending December 31, 2019, 2020, 2021, 2022 and 2023 is approximately $86.9 million, $86.4 million, $86.4 million, $86.3 million and $85.8 million, respectively.

6. Derivatives and Hedging Arrangements

The Company enters into hedging contracts with respect to interest rates under its credit facilities to manage the associated interest rate risk at what management believes are acceptable levels. The Company accounts for these instruments in accordance with ASC 815, *Derivatives and Hedging* and does not hold or issue derivative financial instruments for trading purposes.

Interest Swap Contracts

The Company is subject to variable rate debt obligations in connection with its credit facilities. These debt obligations expose the Company to variability in interest payments due to changes in interest rates. The Company believes it is prudent to limit the variability of a portion of its interest payments and the Company has protected against future increases in interest rates by entering into interest rate hedge agreements whereby the Company receives variable interest rate payments and makes fixed interest rate payments on a portion of its debt to a designated counterparty.

On September 13, 2018, the Company entered into its third pay-fixed-receive-variable interest rate swap agreement. The Company is applying hedge accounting to account for changes in the fair value of this derivative instrument and such changes are reflected in other comprehensive income (loss) in the consolidated statement of comprehensive income (loss).

Effective March 31, 2017, the Company de-designated hedge accounting treatment on two pay-fixed-receive-variable interest rate swap agreements that were effective since January 2016. The amount of gains reclassified into earnings as result of discontinuance of hedge relationship were $6.2 million and $5.2 million (offset by the amortization of previously recorded other comprehensive loss of $1.2 million and $0.9 million) for the year ended December 31, 2018 and for the period from March 31, 2017 to December 31, 2017, respectively, and were reflected in other income in the consolidated statements of operations.

The Company's interest rate swap contracts as of December 31, 2018 are as follows:

Beginning of Contract Period	Ending of Contract Period	Notional Value at Reporting Date (in thousands)	30 Day LIBOR Rate Above Which Settlement Occurs
January 22, 2016	December 31, 2020	$404,250	2.00%
January 22, 2016	December 31, 2020	404,250	1.99
September 28, 2018	December 31, 2021	96,200	2.94

7. Indebtedness

The following table sets forth the components of the Company's indebtedness as of:

(in thousands)	December 31, 2018	December 31, 2017
First lien term loans	$1,721,936	$1,267,624
Revolver loans	—	—
2025 Notes	500,000	500,000
Acquisitions notes payable	2,466	2,466
Obligations under capital lease	2,458	329
Total indebtedness	2,226,860	1,770,419
Less:		
Total unamortized debt discounts and debt issuance costs (contra)	(39,837)	(46,027)
Current portion of long-term debt, net	(13,915)	(6,075)
Long-term debt, net	$2,173,108	$1,718,317

Credit Facility

On October 22, 2015, the Company entered into a credit agreement (the Credit Facility) consisting of (i) first lien term loans (First Lien Term Loans), (ii) second lien term loans (Second Lien Term Loans), which were repaid and cancelled on August 2, 2017, and (iii) a revolving loan credit facility (Revolver Loans). The Credit Facility is fully and unconditionally guaranteed on a joint-and-several basis by each of the select subsidiaries (collectively, the Guarantors) of the Company and is secured by substantially all the assets of the borrower and the Guarantors.

Amounts outstanding under the Credit Facility accrue interest at rates that are variable. As of December 31, 2018, the Company's borrowings under the Credit Facility are designated as LIBOR-based loans which accrue interest at an applicable margin above a certain threshold. The threshold for LIBOR-based borrowings was the greater of the 30-day market LIBOR rate or 1% (the LIBOR floor). During 2017, the Company amended the First Lien Term Loans to eliminate the LIBOR floor.

First Lien Term Loans are not subject to any maintenance financial covenants. The Revolver Loans are subject to a springing leverage covenant in the event the aggregate principal amount of outstanding Revolver Loans and letters of credit exceed 30% of the revolving commitments at the end of each fiscal quarter. Upon becoming subject to the springing covenant, the required ratio of first lien indebtedness (first lien debt outstanding less operating cash) to EBITDA may not be greater than 7.0:1 at the end of each fiscal quarter beginning September 30, 2016 through September 30, 2017; 6.50:1 for December 31, 2017 through September 30, 2018; and 6.25:1 beginning December 31, 2018 and thereafter. In addition, the Credit Facility contains affirmative covenants (e.g., the Company is required to make certain prepayments out of cash flow) and negative covenants (e.g., the Company is limited from incurring additional indebtedness, making payments to the Company's equity unit holders and selling certain of its assets, except, in each case, as otherwise permitted).

The Company's Credit Facility contains a permitted change of control provision (Permitted Change of Control) which allows portability, on a *pro forma* basis. A Permitted Change of Control can occur prior to the fourth anniversary of the effective date of the Third Incremental Assumption and Amendment Agreement, dated on September 27, 2017, if the following provisions are met:

a. The issuer's Moody's corporate rating is B3 (stable) or better, and the Company's S&P corporate rating is B (stable) or better;

b. The Consolidated Total Net Debt Ratio is equal to or less than 6.85 times;

c. The issuer provides a notice of the Permitted Change of Control at least 15 business days prior and customary information no later than 3 days prior to the effectiveness of Permitted Change of Control; and

d. Only one Permitted Change of Control event is allowed.

The applicable margin as of December 31, 2018 for the First Lien Term Loans is 3.25%. If a Permitted Change of Control occurs, the applicable margin increases to 3.50%.

Amendments to the Credit Facility

On April 13, 2018, the Company entered into the Fourth Incremental Assumption and Amendment Agreement, which amends the Credit Facility for the First Lien Term Loans. Through this amendment, the Company borrowed an additional $250.0 million in First Lien Term Loans. The incremental borrowings were used to repay borrowings under the revolving loan credit facility of $129.0 million, and pay fees and expenses incurred in connection with the refinancing of approximately $2.8 million. The First Lien Term Loans, including the incremental portion, were issued at par.

On October 1, 2018, the Company entered into the Fifth Incremental Assumption and Amendment of the credit agreement, which increased the borrowing limit of the Revolver Loans by $25.0 million and total amount available in the Revolver Loans to $267.5 million. No other key terms were amended.

On November 2, 2018, the Company entered into the Sixth Incremental Assumption and Amendment of the Credit Facility, which amended the First Lien Term Loans. Through this amendment, the Company borrowed an additional $220.0 million in the First Lien Term Loans that will be used to fund acquisitions, repay borrowings under the Revolver Loans, and pay fees and expenses incurred in connection with the refinancing. The incremental borrowings were issued at the discount of 25 basis points, which approximated $0.6 million. After repaying certain Revolver Loans amounts outstanding and the applicable fees, the remaining proceeds of approximately $108.5 million are restricted to fund the Company's future acquisitions. Any unused amounts outstanding as of November 2, 2019 shall be applied to repay the First Lien Term Loans. As of December 31, 2018, $61.1 million of restricted cash remained to fund future acquisitions.

The First Lien Term Loans contain a six-month soft call provision which requires the Company to pay a call premium of 1% of the outstanding First Lien Term Loan balance in the event of a refinancing event. The six-month call provision was reset on November 2, 2018.

2025 Notes

On August 2, 2017, the Company issued, at par, $500.0 million of 7.00% senior notes due 2025 (2025 Notes). The 2025 Notes were issued in a private transaction that is not subject to the initial registration requirements of the Securities Act of 1933, or the ongoing reporting requirements of the Securities Act of 1934. The 2025 Notes require interest to be paid semi-annually at an annual rate of 7.00% on February 15 and August 15, starting February 15, 2018. The 2025 Notes mature on August 15, 2025 unless redeemed earlier or repurchased.

The 2025 Notes are fully and unconditionally guaranteed on a joint-and-several basis by the Company's 100% owned domestic subsidiaries. The 2025 Notes are senior unsecured obligations of the Company and are senior in right of payment to all existing and future subordinated indebtedness of the Company, including the subordinated promissory notes, such as notes payable issued in connection with acquisitions; and rank equal in right of payment with all existing and future senior indebtedness of the Company, including the existing and any future Credit Facility obligations. In an event of default, the 2025 Notes are subordinated to the borrowings under the existing Credit Facility, to the extent of the value of the assets securing such indebtedness.

The Company is not required to make any mandatory redemption or sinking fund payments with respect to the 2025 Notes. The 2025 Notes are redeemable at the option of the holder in whole or in part at any time. If redemption takes place before August 15, 2020, the redemption price will be calculated using a formula designed to provide the bondholders with a "make-whole" premium. Before August 15, 2020, the Company may also redeem, on one or more occasions, at a price equal to 107% plus accrued interest, up to 40% of the aggregate principal amount of the 2025 Notes in an amount not to exceed the net cash proceeds of one or more equity offerings; provided that at least 50% of the 2025 Notes originally issued on August 2, 2017 remain outstanding after giving effect to such redemption. Beginning on August 15, 2020, the Company may redeem the 2025 Notes at redemption prices beginning at 103.50%, reducing to 101.75% on August 15, 2021 and reducing to 100.00% on August 15, 2022.

The 2025 Notes are not subject to any maintenance financial covenants. However, there are affirmative covenants (e.g., the Company is required to maintain and deliver certain financial records every quarter) and negative covenants (e.g., the Company is limited from incurring additional indebtedness, making payments to the Company's shareholders and selling certain of its assets, except, in each case, as otherwise permitted) with which the Company must comply.

The 2025 Notes also include a portability feature that is identical to the provision included in the First Lien Term Loans discussed above, whereby portability is allowed if the Permitted Change of Control occurs before the maturity of the 2025 Notes.

Future annual principal payments due on the Company's indebtedness are as follows:

(in thousands)	
2019	$ 23,196
2020	20,721
2021	20,236
2022	19,784
2023	19,772
Thereafter	2,123,152
Total future principal payments	$2,226,861

8. Fair Value of Measurements and Financial Instruments

Accounting standards establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

Level 1 Observable inputs such as quoted prices for identical assets in active markets;

Level 2 Inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and

Level 3 Unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

The following methods and assumptions are used to estimate the fair values of the Company's financial instruments that are measured on a recurring basis:

Interest Rate Swaps

Interest rate swaps are valued using pricing models that are based on certain assumptions and readily observable market-based inputs, including yield curves and implied volatilities of closely related instruments, for which transparent pricing is available. The Company reflects the credit considerations inherent in the derivative contracts with both positive and negative exposures over the remaining life of the derivative. The credit spreads calculated for each party (e.g., the hedging entity and the bank counterparty) are converted into default probabilities. The default probabilities of the hedging entity are applied to the negative exposures, resulting in a positive credit adjustment (the DVA), and the default probabilities of the bank counterparty are applied to the positive exposures, resulting in a negative credit adjustment (the CVA). The bilateral credit valuation adjustment is the sum of the positive and negative adjustments.

Earn-Out Payables

Earn-out payables are primarily based on meeting EBITDA and revenue targets that occur over one to three years. The fair value of earn-out payables is estimated as the present value of future cash flows that would result from the projected revenue and earnings of the acquired entities. On a quarterly basis, the Company reassesses its current estimates of performance relative to the projection and adjusts the liability to fair value.

Fixed Maturity Securities

- Corporate bonds (foreign and domestic) are valued by models using inputs that are derived principally from or corroborated by observable market data. In the instance that observable market data is unavailable, the Company incorporates inputs from third-party sources and applies reasonable judgment in developing assumptions used to estimate the probability of collecting all contractual cash flows.

- US government and agency securities are estimated using values obtained from independent pricing services and based on expected future cash flows using a current market rate applicable to the yield, credit quality, and maturity of the investments.

- For asset-backed securities, including residential MBS, commercial MBS, and other ABS, the Company uses values obtained from independent pricing services. The independent pricing service may consider various factors in determining fair value, including but not limited to, the type of security, issuer-specific news and/or long-term outlook, market conditions and other relevant information, size and position in the issuer's capital structure, information available in the issuer's financial statements or other reports, the price and extent of public trading in similar securities of the issuer or comparable companies, and/or factors deemed relevant and appropriate.

The Company's assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair Value Measurements Using			
(in thousands)	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2018
Assets				
Interest rate swaps	$—	$ 7,944	$ —	$ 7,944
Fixed maturity securities:				
U.S. Government	—	6,556	—	6,556
U.S. Agency	—	7,446	—	7,446
U.S. Corporate	—	5,968	—	5,968
Foreign Government	—	946	—	946
Non-agency Residential MBS	—	—	357	357
Non-agency Commercial MBS	—	—	214	214
Non-agency ABS	—	—	2,562	2,562
Total fixed maturity securities:	—	20,916	3,133	24,049
Total assets at fair value	$—	$28,860	$ 3,133	$31,993
Liabilities				
Interest rate swaps	$—	$ 5,220	$ —	$ 5,220
Earn-out payables	—	—	90,593	90,593
Total liabilities at fair value	$—	$ 5,220	$90,593	$95,813

	Fair Value Measurements Using			
(in thousands)	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2017
Assets				
Interest rate swaps	$—	$ 3,590	$ —	$ 3,590
Fixed maturity securities:				
U.S. Government	—	10,484	—	10,484
U.S. Agency	—	8,510	—	8,510
U.S. Corporate	—	5,660	—	5,660
Foreign Government	—	1,187	—	1,187
Non-agency Residential MBS	—	—	470	470
Non-agency Commercial MBS	—	—	161	161
Non-agency ABS	—	—	2,304	2,304
Total fixed maturity securities:	—	25,841	2,935	28,776
Total assets at fair value	$—	$29,431	$ 2,935	$32,366
Liabilities				
Interest rate swaps	$—	$ 1,844	$ —	$ 1,844
Earn-out payables	—	—	69,965	69,965
Total liabilities at fair value	$—	$ 1,844	$69,965	$71,809

The below table presents certain quantitative information on significant unobservable inputs used in the fair value measurement for Level 3 fixed maturity securities as of December 31, 2018:

	Estimated Fair Value	Predominant Valuation Method	Significant Unobservable Inputs	Range
Non-agency Residential MBS	$ 357	Market pricing	Quoted prices	95.75 - 103.07
Non-agency Commercial MBS	214	Market pricing	Quoted prices	99.45 - 100.41
Non-agency ABS	2,562	Market pricing	Quoted prices	98.71 - 100.60
Total Level 3 investments	$3,133			

A reconciliation of Level 3 fixed maturity securities that have been measured at fair value on a recurring basis using significant unobservable inputs is as follows:

(in thousands)	Year Ended December 31, 2018
Balance as of beginning of the year	$ 2,935
Purchases of Level 3 fixed maturity securities, at cost	1,898
Net unrealized gain included in other comprehensive income (loss)	(2)
Sale of Level 3 fixed maturity securities	(1,698)
Balance as of end of the year	$ 3,133

See Note 2 for a reconciliation of acquisition earn-out payables measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3).

The Company has certain financial instruments that are recognized at historical cost or some basis other than fair value:

Indebtedness

The fair values of the Company's 2025 Notes and First Lien Term Loans are estimated using level 2 inputs based on quoted market prices for those or similar instruments. The estimated fair value of the 2025 Notes and First Lien Term Loans was at $453.3 million and $1,628.3 million as of December 31, 2018 and $499.0 million and $1,276.3 million as of December 31, 2017, respectively. The outstanding amounts due under the Revolver Loans approximate fair value as the variable interest rate approximates the current market rate.

9. Unpaid Losses and Loss Adjustment Expenses

The following table shows the components of the change in reserve balances for unpaid losses and loss adjustment expenses:

(in thousands)	Year Ended December 31, 2018	Period From March 31, 2017 to December 31, 2017
Balances as of beginning of the period	$24,836	$25,485
Incurred		
Current period	7,700	5,536
Prior periods	(1,730)	(1,731)
Subtotal	5,970	3,805
Deduct losses and loss adjustment expense payments		
Current period	(1,446)	(1,017)
Prior periods	(4,969)	(3,437)
Subtotal	(6,415)	(4,454)
Balances as of end of the period	$24,391	$24,836

The tables below present information about incurred and paid claims development, cumulative claim frequency and total incurred but not reported liabilities as of December 31, 2018. The information below about incurred and paid claims development for the years ended December 31, 2009 to 2018 is presented as supplementary information.

Workers' Compensation
(in thousands)

	Incurred Claims and Allocated Claims Adjustment Expenses, Net of Reinsurance										As of December 31, 2018	
Accident Year	2009[(1)]	2010[(1)]	2011[(1)]	2012[(1)]	2013[(1)]	2014[(1)]	2015[(1)]	2016[(1)]	2017[(1)]	2018	Total Incurred-but-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Claims
2009	$—	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	—
2010		2200	5,000	5,000	5,000	5,000	4,600	4,600	4,500	4,450	288	8,522
2011			2,200	5,100	5,400	5,400	5,000	4,900	4,900	4,725	436	8,352
2012				2,200	5,500	5,500	5,400	5,000	4,750	4,500	528	8,441
2013					2,700	6,000	6,000	5,500	5,350	5,025	872	8,782
2014						2,900	6,400	5,700	5,700	5,300	1,211	8,735
2015							3,200	6,400	5,900	5,550	1,939	8,759
2016								3,420	6,840	6,615	3,210	9,486
2017									3,600	7,250	4,750	9,387
2018										3,400	3,030	4,386
Total										$46,815		

(1) Amounts unaudited.

Excess Liability
(in thousands)

Accident Year	2009[(1)]	2010[(1)]	2011[(1)]	2012[(1)]	2013[(1)]	2014[(1)]	2015[(1)]	2016[(1)]	2017[(1)]	2018	Total Incurred-but-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Claims
	Incurred Claims and Allocated Claims Adjustment Expenses, Net of Reinsurance										As of December 31, 2018	
2009	$551	$1,250	$1,250	$900	$1,400	$2,000	$1,000	$1,000	$900	$ 900	$900	6
2010		350	700	700	1,525	1,558	1,558	1,558	1,558	1,558	—	10
2011			350	700	700	782	782	1,000	1,200	900	155	10
2012				300	700	1,609	1,609	1,609	1,609	1,609	—	11
2013					300	700	1,632	1,632	1,632	1,632	—	15
2014						425	1,000	800	800	1,300	1,300	10
2015							150	300	700	1,275	585	12
2016								150	300	620	620	6
2017									150	700	700	4
2018										200	200	—
Total										$10,694		

(1) Amounts unaudited.

The claims frequency metric represents the number of unique claim events for which benefits have been approved and payments made. Claim events are identified using a unique claimant identifier and incurral date. Thus, if an individual has multiple claims for different disabling events (and therefore different incurral dates), each will be determined to be a unique claim event.

Workers' Compensation
(in thousands)

Accident Year	2009[(1)]	2010[(1)]	2011[(1)]	2012[(1)]	2013[(1)]	2014[(1)]	2015[(1)]	2016[(1)]	2017[(1)]	2018
	Cumulative Claims Paid and Allocated Claims Adjustment Expenses, Net of Reinsurance									
2009	$—	$—	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2010		291	1,886	2,850	3,351	3,670	3,932	4,009	4,090	4,162
2011			294	1,878	2,854	3,416	3,808	4,060	4,195	4,289
2012				296	1,857	2,722	3,274	3,589	3,814	3,972
2013					272	1,860	2,849	3,558	3,898	4,153
2014						301	2,021	3,110	3,654	4,089
2015							297	1,993	3,006	3,611
2016								373	2,308	3,405
2017									432	2,500
2018										370
Total										$30,551
All outstanding liabilities for claims and claim adjustment expenses prior to 2009, net of reinsurance										2,699
Total liabilities for claims and claim adjustment expenses, net of reinsurance										$18,963

(1) Amounts unaudited.

Excess Liability
(in thousands)

Accident Year	**Cumulative Claims Paid and Allocated Claims Adjustment Expenses, Net of Reinsurance**									
	2009(1)	**2010(1)**	**2011(1)**	**2012(1)**	**2013(1)**	**2014(1)**	**2015(1)**	**2016(1)**	**2017(1)**	**2018**
2009	$—	$—	$—	$—	$ —	$ —	$ —	$ —	$ —	$ —
2010		—	—	—	1,068	1,558	1,558	1,558	1,558	1,558
2011			—	—	—	—	—	—	397	745
2012				—	—	—	1,181	1,609	1,609	1,609
2013					—	—	—	1,203	1,632	1,632
2014						—	—	—	—	—
2015							—	—	—	690
2016								—	—	—
2017									—	—
2018										—
Total										$6,234
All outstanding liabilities for claims and claim adjustment expenses prior to 2009, net of reinsurance										—
Total liabilities for claims and claim adjustment expenses, net of reinsurance										$4,460

(1) Amounts unaudited.

Meritage enters into agreements with policy holders associated with Keenan to assume reinsurance. Currently Meritage is not ceding any reinsurance.

The history of claims duration presented as average annual percentage payout of incurred claims by age as of December 31, 2018 is as follows:

	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (Unaudited)									
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Workers' Compensation	5.83%	28.49%	17.08%	10.10%	6.24%	4.26%	2.02%	1.27%	0.81%	0.00%
Excess Liability	0.00%	0.00%	0.00%	38.54%	14.06%	0.00%	11.03%	12.89%	0.00%	0.00%

A reconciliation of incurred and paid claims development table to the liability for unpaid claims and claims expenses in the Company's consolidated balance sheets as of December 31, 2018 is as follows:

Net outstanding liabilities for unpaid claims and claims adjustment expenses	**As of December 31, 2018**
(in thousands)	
Workers' compensation	$18,963
Excess liability	4,460
Subtotal	23,423
Unallocated claims adjustment expenses	968
Total gross liability for unpaid claims and claims adjustment expenses	$24,391

10. Equity and Equity-based Compensation Plan

The Company's equity units are comprised of Class A-1 units, Class A-2 units and Class B profits interest units. Only Class A-1 units include voting rights. The Company's equity incentive plan (the Plan) is intended to align the interests of the Company and its executives and senior leadership by providing certain key employees with additional incentives and allowing such persons to participate in equity value created. Pursuant to the Plan, and as approved by the Board of Directors (the Board), the Company grants, and/or provides an opportunity to purchase, its equity units to certain participating employees of the Company, who have substantial responsibility for the management and growth of the organization.

Equity Contribution from the Parent

There were no contributions from the Parent during the year ended December 31, 2018.

On March 31, 2017, in connection with the Keenan Acquisition, the Board approved the issuance of Class A-1 and A-2 units. The Parent issued 287.7 million of Class A-1 units to its equity sponsors, including Apax Partners (Apax), 557.3 million of Class A-2 units as the rollover of equity from the sellers of Keenan, and 61.5 million of Class A-2 units to certain participating members of management of the Company. All units were issued at $0.1385 per unit. As a result of the Keenan Acquisition, the Parent made an equity contribution of $125.4 million to the Company.

Equity-based Compensation

Total equity-based compensation expense was $7.0 million and $17.9 million for fiscal years 2018 and 2017, respectively.

Class B Profits Interests Award Units

Class B Profits Interests Award Units (Award Units) include certain time-based and performance-based vesting conditions upon the Board's authorization. One-third of Award Units granted are time-based, which will vest ratably over five years from the date of grant subject to the employees' continued employment with the Company. The remainder of the Award Units granted are performance-based and will vest on the date, if any, that non-employee investors meet certain return thresholds on their investment in the Parent.

The following table summarizes the activity of the Award Units during fiscal years 2018 and 2017:

	Units	Weighted-Average Remaining Contractual Terms *(in years)*
Outstanding at January 1, 2017	1,322,782,927	
Granted	215,215,835	
Forfeited or expired	(20,548,929)	
Outstanding at December 31, 2017	1,517,449,833	4.07
Granted	156,667,185	
Forfeited or expired	(40,369,986)	
Outstanding at December 31, 2018	1,633,747,032	2.40
Vested or expected to vest at December 31, 2018	107,622,911	2.40
Vested or expected to vest at December 31, 2017	99,513,941	4.07

The fair value of Award Units was determined on the date of grant using the Black-Scholes pricing model that uses various assumptions noted in the following table. Expected volatility was based on historical volatility of a comparable group of entities within similar industries that are public entities, along with other factors. The expected term of the units granted represents the period of time that these profits interest units were expected to be outstanding at the time of grant. The Company's expected term of the units is based on historical experience, giving consideration to the contractual terms of the equity-based awards, vesting schedules, and expectations of future employee behavior. The risk-free rate was based on U.S. Treasury yields for the expected term of the Award Units.

The fair value of each Award Unit grant is estimated on the date of grant using the Black-Scholes pricing model using the following weighted-average assumptions:

	2018	2017
Risk-free interest rate	2.57%	1.60%
Expected volatility	30.4%	30.0%
Expected life (in years)	2.2	3.2
Weighted average grant-date fair value	$0.05	$0.04

Class A-2 Units—Nonvested

The following table summarizes the activity of the Nonvested Class A-2 units during fiscal years 2018 and 2017:

	Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2017	42,046,041	$0.10
Granted	—	—
Vested	(10,470,786)	0.10
Forfeited or expired	—	—
Nonvested at December 31, 2017	31,575,255	0.10
Granted	—	—
Vested	(9,836,017)	0.10
Forfeited or expired	(1,985,869)	0.10
Nonvested at December 31, 2018	19,753,369	$0.10

Acquisition Incentive Programs

Starting 2017, the Company offered incentive programs for certain acquired agencies to promote continued growth and operational excellence. These agencies were required to meet specific performance targets and service conditions over one- to three-year periods. The form of compensation on these incentive programs is either cash or class A-2 equity units and is paid out annually upon the Board's approval. The total amount of equity-based compensation under each of the acquisition incentive programs is determined based on the annual operating results against the specific performance targets of the respective agency. The number of A-2 units to be granted is determined based on the latest fair value of A-2 units at the end of each annual incentive program period and the total amount of equity-based compensation determined for the respective program year. For the years ended December 31, 2018 and 2017, equity-based compensation expense from the acquisition incentive programs were $1.8 million and $12.8 million, respectively.

11. Income Taxes

The components of the provision for income taxes are as follows:

(in thousands)	Year Ended December 31, 2018	2017	2016
Current			
Foreign	$ 369	$ (664)	$ 562
State	1,632	(843)	2,478
Total current provision (benefit)	2,001	(1,507)	3,040
Deferred			
Federal	2,469	(48,383)	(12,341)
State	513	4,889	(1,560)
Total deferred provision (benefit)	2,982	(43,494)	(13,901)
Total provision (benefit) for income taxes	$4,983	$(45,001)	$(10,861)

A reconciliation between the effective tax rate and the federal statutory tax rate is as follows:

	Year Ended December 31, 2018	2017	2016
Federal statutory rate	21.00%	35.00%	35.00%
State income taxes, net of federal benefit	17.14	(1.27)	7.60
Valuation allowance	0.00	(2.75)	(9.91)
Meals and entertainment	6.91	(0.86)	(1.50)
Equity-based compensation expenses	9.68	(1.80)	(3.30)
Other permanent items	(7.19)	(1.22)	0.00
Change in the U.S. tax rate	0.00	27.49	0.00
Other	(0.14)	1.24	1.13
Effective tax rate	47.40%	55.83%	29.02%

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 amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities are as follows:

	Year Ended December 31,	
(in thousands)	**2018**	**2017**
Deferred tax assets		
Accrued bonus and vacation	$ 2,695	$ 11,282
Transaction costs	5,951	5,875
State net operating losses	12,759	13,085
Federal net operating losses	27,296	28,173
E&O reserve	1,188	1,555
IBNR reserve	651	769
Charitable contribution carryover	1,073	884
Interest expense carryover	14,002	—
Equity-based compensation	—	3,075
Deferred revenue	8,953	8,250
Other	1,190	1,808
Subtotal	75,758	74,756
Less: valuation allowance	(7,199)	(7,199)
Total deferred tax assets	68,559	67,557
Deferred tax liabilities		
Advances	(419)	(509)
Fixed assets	(4,062)	(2,362)
Intangible amortization	(97,885)	(96,523)
Direct bill revenue accrual	(9,204)	(7,546)
Interest rate swaps	(1,109)	(1,146)
Other	(13)	94
Total deferred tax liabilities	(112,692)	(107,992)
Net deferred tax liabilities	$ (44,133)	$ (40,435)

On December 22, 2017, the Tax Cuts and Jobs Act (the Tax Act) was signed into legislation. The Tax Act significantly revised the U.S. tax code including, among other things, lowering the corporate income tax rate from 35.0% to 21.0%, limiting the deductibility of interest expense, implementing a territorial tax system, and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The Company recognized the tax effects of the Tax Act in the fourth quarter of 2017, recording $21.8 million in tax benefit related to the re-measurement of deferred tax assets and liabilities to the 21% corporate tax rate and $0.7 million in tax expense related to un-repatriated foreign earnings.

At December 31, 2018, the Company had no unrecognized tax benefits or associated interest or penalties recorded.

At December 31, 2018, the Company had a federal net operating loss carry forward of $130.0 million and $12.8 million of state NOLs of varying amounts, which will begin to expire in 2032.

For the years ended December 31, 2018 and 2017, the Company recorded net deferred tax assets which include a valuation allowance of $7.2 million and $7.2 million, respectively, related to state NOLs. The state NOLs may be carried forward to offset future taxable income. Realization is dependent upon generating sufficient taxable income prior to the expiration of the NOLs.

For the years ended December 31, 2018 and 2017, the Company had income attributable to foreign subsidiaries of $1.9 million and $0.9 million, respectively. The Tax Act subjects a U.S. shareholder to current tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The Company elected to utilize current NOL carryforwards to offset the GILTI taxable inclusion and therefore did not record any related income tax payable for U.S. federal tax purposes. Also, the Company should not recognize any additional U.S. tax on the repatriation of foreign earnings considered to be previously taxed earnings from the toll charge inclusion accounted for in the 2017 tax year.

The Company has conducted business and files tax returns in the U.S. and U.K. The Company's U.S. federal and various state returns are subject to examination for the years 2011 and later, due to NOLs generated in 2011. The Company's U.K. returns for the year 2017 and later are subject to examination.

12. Commitments and Contingencies

The Company leases facilities under noncancelable operating and capital lease arrangements expiring on various dates through 2028. The facility leases generally contain renewal options and escalation clauses based upon increases in the lessors' operating expenses and other charges. At December 31, 2018, the aggregate future minimum lease payments under all noncancelable operating lease agreements were as follows:

(in thousands) **Year Ended December 31,**	
2019	$ 33,843
2020	29,808
2021	23,553
2022	19,162
2023	13,714
Thereafter	20,602
Total minimum future lease payments	$140,682

Rental expense for the years ended December 31, 2018, 2017, and 2016 for operating leases totaled $37.0 million, $33.0 million, and 23.9 million, respectively.

The Company also occupies and leases certain office space owned by employees of the Company. Rent expense incurred for the years ended December 31, 2018, 2017 and 2016 under these leases were $5.9 million, $4.8 million, and $4.8 million, respectively.

There are a variety of legal proceedings pending or threatened against the Company. Accruals are recorded when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated based on current law, progress of each case, opinions and views of legal counsel and other advisers, and the Company's experience in similar matters and intended response to the litigation. These amounts, which are not discounted and are exclusive of claims against third parties, are adjusted periodically as assessment efforts progress or additional information becomes available. The Company expenses amounts for administering or litigating claims as incurred. Neither the outcomes of these matters nor their effect upon the Company's business, financial condition or results of operations can be determined at this time.

13. Supplemental Disclosures of Cash Flow Information and Noncash Financing and Investing Activities

Cash paid during the fiscal years 2018, 2017 and 2016 are summarized as follows:

(in thousands)	Year Ended December 31, 2018	2017	2016
Interest	$120,433	$88,738	$105,577
Taxes	921	3,144	1,273

Significant noncash investing and financing activities are summarized as follows:

(in thousands)	Year Ended December 31, 2018	2017	2016
Estimated acquisition earn-out payables	$31,164	$16,993	$18,117
Purchase price holdback	1,310	—	1,289
Notes payable from acquisitions	—	818	4,181
Noncash equity contribution from the Parent	—	77,182	—
Deferred consideration from acquisitions	5,794	—	—

14. Subsequent Events

The Company is required to evaluate events and transactions occurring subsequent to December 31, 2018 through March 13, 2019, the date the accompanying consolidated financial statements were issued. During this period, the following is a list of companies that were acquired:

(in thousands) Date of Acquisition	Seller(s)	Initial Payment	Maximum Potential Earn Out Payable	Basis of Potential Earn Out	Earn Out Term	Earn Out Period End Date
January 4, 2019	The Langley Agency, Inc.	$ 3,407	$1,325	Revenue	24 Months	December 31, 2020
January 18, 2019	Francis A. Hall, Inc.	2,949	1,147	Revenue	12 Months	December 31, 2019
January 25, 2019	Accent Graphics & Communications, LLC	319	N/A	N/A	N/A	N/A
February 1, 2019	Hardy Aviation Insurance, Inc.	5,648	300	Revenue	24 Months	January 31, 2021
February 1, 2019	Tolman & Wiker Insurance Services, LLC	101,897	18,125	EBITDA	24 Months	January 31, 2021
February 7, 2019	CoVerica, Inc.	219	No Max	Revenue	6 Months	August 31, 2019
February 27, 2019	Sterling & Sterling, LLC	254	No Max	Revenue	12 Months	February 28, 2020
March 1, 2019	Duffy & Livingston, LLC	3,455	1,091	Revenue	24 Months	February 28, 2021

As of March 13, 2019, the Company has yet to engage a valuation expert or otherwise determine the allocation of the fair value of the purchase price of any acquisitions occurring after December 31, 2018. However, the nature of all the businesses acquired is similar in all material respects to the acquisitions previously completed by the Company, and as such the Company expects the purchase price to be allocated in a similar manner.

On February 20, 2019, the Company's Parent entities, Dolphin Holdco, L.P. and Dolphin TopCo, Inc., and Apax signed an Agreement and Plan of Merger to sell their equity interests in the insurance operation of the Company to an investor group led by GTCR, a Chicago-based private equity firm, for approximately $2.75 billion of negotiated equity value (the "Transaction"). The Transaction is expected to close in the second quarter of 2019.

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