

Subject to Completion

Preliminary Offering Memorandum dated February 7, 2024

PRELIMINARY OFFERING MEMORANDUM

STRICTLY CONFIDENTIAL

\$500,000,000



AssuredPartners
AssuredPartners, Inc.

% Senior Notes due 2032
Interest Payable on _____ and _____

AssuredPartners, Inc., a Delaware corporation ("AssuredPartners" or the "Issuer"), is offering \$500,000,000 aggregate principal amount of its % Senior Notes due 2032 (the "notes"). The Issuer will pay interest on the notes semi-annually in cash in arrears on _____ and _____ of each year, commencing on _____, 2024, at a rate of _____ % per annum. The notes will mature on _____, 2032.

The Issuer expects to use the net proceeds from this offering and the net proceeds from an incremental term loan borrowing under our Credit Agreement to repay certain of our outstanding borrowings under our revolving credit facility, redeem all of our outstanding 7.00% senior notes due 2025 and pay fees and expenses in connection with the foregoing, with the remainder to be used for general corporate purposes, including, but not limited to, funding certain acquisitions currently under letters of intent. We also plan to amend the terms of our senior secured credit facility to extend the maturity date and increase the aggregate commitments under our revolving credit facility. See "Summary—Transactions," "Summary—Recent Developments—2025 Notes Redemption" and "Use of Proceeds."

The Issuer may redeem the notes, in whole or in part, at the Issuer's option at any time on or after _____, 2027, 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 _____, 2027, 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 _____, 2027, 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.

The notes and the related guarantees will be senior unsecured obligations of the Issuer and the guarantors (as defined herein) and will rank senior in right of payment to all of the Issuer's and the guarantors' future subordinated indebtedness and pari passu in right of payment with all of the Issuer's and the guarantors' existing and future senior indebtedness, including indebtedness under the senior secured credit facilities and the Existing Notes (as defined herein), and be effectively subordinated to all of the Issuer's and the guarantors' existing and future secured indebtedness, including indebtedness under the senior secured credit facilities, to the extent of the value of the assets securing such indebtedness. The notes will also be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of the Issuer's non-guarantor subsidiaries.

Subject to certain exceptions, the notes will be guaranteed on a senior unsecured basis by each wholly owned domestic subsidiary of the Issuer that guarantees the senior secured credit facilities or that 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. See "Description of Notes—Note Guarantees."

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 19.

Offering Price: _____ % plus accrued interest, if any, from _____, 2024.

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 _____, 2024, 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

Goldman Sachs & Co. LLC
Barclays
RBC Capital Markets
Mizuho

Morgan Stanley
J.P. Morgan
Deutsche Bank Securities
Macquarie Capital

BofA Securities
BMO Capital Markets
UBS Investment Bank
ING

The date of this offering memorandum is _____, 2024

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 this 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.

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 Issuer, the guarantors and U.S. Bank Trust Company, 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, 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 (the “Trust Indenture Act”), and the requirements of the Trust Indenture Act will not be applicable to this offering.

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:

- “amended revolving credit facility” refers to AssuredPartners’ proposed revolving credit facility after giving effect to the Credit Agreement Amendment, with aggregate commitments expected to equal \$600.0 million;
- “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” or the “Issuer” 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 acquired, indirectly, a portion of the equity interests in Assured in connection with the Merger and continue to hold, indirectly, such equity interests in Assured;
- “Credit Agreement” refers to the credit agreement, dated as of October 22, 2015, as amended, supplemented or otherwise modified from time to time;
- “Credit Agreement Amendment” refers to the proposed amendment to the Credit Agreement to (i) obtain \$500.0 million of incremental term loans that will mature on the date that is seven years after the closing date of the Credit Agreement Amendment (such incremental term loans, the “Term B-5 Loans”), (ii) extend the maturity date of our existing revolving credit facility to August 2028 (the “Extended Revolving Facility Maturity Date”); provided that if, as of November 14, 2026 (the “Springing Maturity Date”), more than \$500.0 million of the term loan facilities (other than the Term B-5 Loans) remain outstanding and have not been extended to a date on or after the Extended Revolving Facility Maturity Date, the Extended Revolving Facility Maturity Date shall instead be the Springing Maturity Date and (iii) increase the aggregate commitments under our revolving credit facility from \$414.5 million to \$600.0 million. See “Summary—Recent Developments—2025 Notes Redemption” and “Use of Proceeds”;

- “Existing 2025 Indenture” refers to the indenture governing the Existing 2025 Notes, as amended, supplemented or otherwise modified from time to time;
- “Existing 2025 Notes” refers to the Issuer’s \$500.0 million in aggregate principal amount of outstanding 7.00% Senior Notes due 2025;
- “Existing 2027 Indenture” refers to the indenture governing the Existing 2027 Notes, as amended, supplemented or otherwise modified from time to time;
- “Existing 2027 Notes” refers to the Issuer’s \$475.0 million aggregate principal amount of outstanding 8.00% Senior Notes due 2027;
- “Existing 2029 Indenture” refers to the indenture governing the Existing 2029 Notes, as amended, supplemented or otherwise modified from time to time;
- “Existing 2029 Notes” refers to the Issuer’s \$550.0 million aggregate principal amount of outstanding 5.625% Senior Notes due 2029;
- “Existing Indentures” refers, collectively, to the Existing 2025 Indenture, the Existing 2027 Indenture and the Existing 2029 Indenture;
- “Existing Notes” refers, collectively, to the Existing 2025 Notes, the Existing 2027 Notes and the Existing 2029 Notes;
- “existing revolving credit facility” refers to AssuredPartners’ revolving credit facility, as amended, supplemented or otherwise modified on or prior to the date hereof, with aggregate commitments of \$414.5 million as of the date hereof;
- “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 purchasers” refers, collectively, to Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, BofA Securities, Inc., Barclays Capital Inc., J.P. Morgan Securities LLC, BMO Capital Markets Corp., RBC Capital Markets, LLC, Deutsche Bank Securities Inc., UBS Securities LLC, Mizuho Securities USA LLC, Macquarie Capital (USA) Inc. and ING Financial Markets LLC, which initial purchasers are represented by Goldman Sachs & Co. LLC;
- “Issue Date” refers to the date of issue of the notes offered hereby;

- “Merger” refers to the merger of GTCR (AP) Merger Sub Inc., a Delaware corporation and direct, wholly-owned subsidiary of Parent, with and into TopCo, as of May 13, 2019, which, together with related transactions, resulted in TopCo and the Issuer surviving as an indirect, wholly-owned subsidiary of Parent;
- “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 The AssuredPartners Group LP (f/k/a GTCR (AP) Holdings LP), a Delaware limited partnership and direct parent of TopCo;
- “preferred equity” refers to shares of TopCo’s Cumulative Series A Preferred Stock issued to HPS on the Merger Closing Date;
- “revolving credit facility” refers to (i) prior to the effectiveness of the Credit Agreement Amendment, the existing revolving credit facility and (ii) upon effectiveness of the Credit Agreement Amendment, the amended revolving credit facility;
- “senior secured credit facilities” refers, collectively, to (i) the term loan facilities and (ii) the revolving credit facility;
- “senior secured term loans” refers, collectively, to the term loans outstanding under our term loan facilities;
- “Sponsors” refers, collectively, to GTCR and Apax;
- “Term B-5 Loans” refers to the Term B-5 Loans expected to be incurred by AssuredPartners pursuant to the Credit Agreement Amendment;
- “term loan facilities” refers to (i) prior to the effectiveness of the Credit Agreement Amendment, AssuredPartners’ senior secured term loan facilities, as amended, supplemented or otherwise modified on or prior to the date hereof, in an outstanding aggregate principal amount of \$4,203.4 million as of September 30, 2023, and (ii) upon effectiveness of the Credit Agreement Amendment, AssuredPartners’ senior secured term loan facilities (including the Term B-5 Loans) outstanding after giving effect to the Transactions and the 2023 Incremental Amendment, in an outstanding aggregate principal amount of \$5,103.4 million as of September 30, 2023 after giving effect to the Transactions;
- “TopCo” refers to Dolphin TopCo, Inc., a Delaware corporation and direct parent of Holdings;
- “Trustee” refers to U.S. Bank Trust Company, National Association, in its capacity as trustee under the Indenture, acting on behalf of the holders of the notes;
- “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.

BASIS OF PRESENTATION

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

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

Unless otherwise noted, the historical financial information included in this offering memorandum is derived from the consolidated financial statements of AssuredPartners.

NON-GAAP FINANCIAL MEASURES

We refer to the terms organic revenue growth, EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA, Acquisition 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 organic revenue growth, EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA, Acquisition 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 Indentures 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 organic revenue growth, EBITDA, Standalone Adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDA for Closed Acquisitions, Acquisition Adjusted EBITDA, Acquisition 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, Acquisition 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 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.

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 secured net debt, which is total debt or secured 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 TM 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, 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,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the audited consolidated financial statements and related notes thereto, which are included elsewhere in this offering memorandum.

Our Company

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 that targets accretive acquisitions and by focusing on generating organic growth and profit margin expansion. In the United States, we were the eleventh largest insurance broker and the fifth largest independent P&C insurance broker, each based on brokerage revenues generated in 2022. We have a highly diversified revenue base with high revenue and producer retention rates. For the twelve months ended September 30, 2023, we generated total revenue of \$2,462.9 million, Standalone Adjusted EBITDA of \$847.9 million and Adjusted EBITDA of \$878.9 million. 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 (2) in “—Summary Historical Consolidated Financial Data.”

We operate our business through two segments, Retail and Accretive. Our Retail segment focuses on P&C and employee benefits, with our P&C offerings including standard / admitted P&C commercial and personal lines products, and specialty product niches. Accretive focuses on specialty programs, wholesale, and managing general agents (“MGAs”) and was formed from existing AssuredPartners’ businesses in 2022 to expand distribution of services, centralize expertise, and better address specialty and emerging market risks. 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, which 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, as well as regional leadership, responsible for managing the day-to-day operations of the offices within its region, identifying acquisition prospects, and integrating smaller tuck-in acquisitions. We have all the benefits of a national brokerage network, such as economies of scale, operating efficiencies and greater influence in carrier relationships, while retaining the deep local knowledge of our producers. As of September 30, 2023, we operated approximately 360 offices in 40 states across the United States, the District of Columbia, United Kingdom (“UK”), Ireland and Belgium with approximately 1,500 producers

Our Products and Services

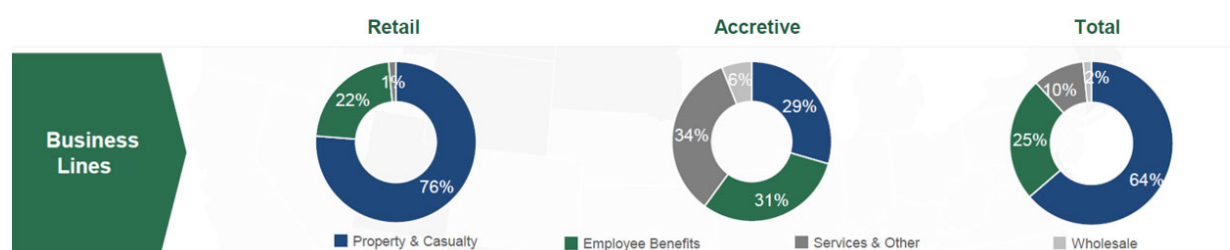
We offer an extensive portfolio of more than 300 products and services from more than 3,000 insurance company partnerships to over 800,000 clients, as of September 30, 2023. No material part of our business depends upon a single customer or on a few customers. For the nine months ended September 30, 2023, our top client accounted for approximately 1% of our total revenues, while our top ten clients represented approximately 4% of our total revenues. 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 segments are:

- *Retail:* Our Retail segment focuses on P&C and EB. P&C offerings include standard / admitted P&C commercial and personal lines products and specialty niches. We offer a full range of commercial lines products covering over 25 specialty niches. The segment consists of 12 industry and product verticals,

including Agribusiness, Aerospace, Education, Real Estate, Captives, Transportation, Senior Living, Construction & Surety, Manufacturing, Government Contractor, Energy and Mergers & Acquisitions. Personal lines offerings focus on complementary products for high net worth business owners, which includes higher-end homes, secondary homes, valuable articles and yachts. EB provides end-to-end consulting and administration services for fully-insured and self-insured plans, including Brokerage, Consulting & Analytics, Communications, Employee Advocacy, and Benefits Administration. The Retail segment accounted for 73% of revenue and drove 7.2% of organic growth for the nine months ended September 30, 2023 and included approximately 1,400 producers across over 300 offices.

- *Accretive:* Our Accretive segment focuses on programs, wholesale, and MGAs. This segment was formed from existing AssuredPartners' businesses in 2022 to expand distribution of services, centralize expertise, and better address specialty and emerging market risks and is composed of 26 specialty, wholesale and MGA platforms. Accretive provides a full scope of insurance value chain intermediary capabilities and creates attractive acquisition opportunities within the highly fragmented specialty distribution and wholesale markets. Accretive also provides the ability to design new products and programs and place risks for increasingly complex client needs. The Accretive segment accounted for 27% of revenue for the nine months and drove 5.2% of organic growth ended September 30, 2023 and included approximately 140 producers across over 60 offices. Producers for our Retail segment may also refer or sell products for our Accretive segment as well.

The following charts illustrate the percentage of revenues generated from each product line for the nine months ended September 30, 2023:



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. We focus 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 and strong local relationships, 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 nine months ended September 30, 2023, our top client accounted for approximately 1% of our total revenues, and our top ten clients represented approximately 4% of our total revenues. Through our revenue-generating relationships with more than 1,800 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 nine months ended September 30, 2023, no single insurance carrier represented more than 5% of our total revenue.

High Producer and Revenue Retention. Our average producer retention rate and revenue retention rate has exceeded 90% and 95%, 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 2% 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 Chairman of the Board of Directors, Randy Larsen, our Chief Executive Officer, and Paul Vredenburg, our President and Chief Operating Officer, our senior management team has considerable insurance brokerage experience, with an average of 35 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 eighteen-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 targeted over the past three years. Since 2016 to September 30, 2023, we have successfully executed and integrated 301 acquisitions of agencies and books of businesses, with annual combined revenues and Adjusted EBITDA of approximately \$1.4 billion and \$489 million, respectively, for the most recent fiscal twelve-month period prior to the date of consummation of each acquisition. The acquisitions completed from 2016 to September 30, 2023 had an attractive average upfront purchase price multiple of 10 times. We continue to pursue a robust acquisition pipeline, with signed letters of intent for 15 brokerage acquisition prospects as of January 26, 2024.

Sustained Focus on Organic Revenue Growth. Led by our Chief Revenue Officer, 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. 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. We experienced 7.2% and 5.2% organic revenue growth for the Retail and Accretive segments, respectively, with a total of 6.7% organic revenue growth, each for the twelve months ended September 30, 2023. 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.

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 \$2,462.9 million of total revenue for the twelve months ended September 30, 2023, which increased approximately 17.1% 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.

The Transactions

In connection with the offering of the notes, we expect to enter into an amendment to our Credit Agreement (the “Credit Agreement Amendment”), to (i) incur \$500.0 million of incremental term loans that will mature on the date that is seven years after the date of the Credit Agreement Amendment (such incremental term loans, the “Term B-5 Loans”), (ii) extend the maturity date of our revolving credit facility to August, 2028 (the “Extended Revolving Facility Maturity Date”); provided that if, as of November 14, 2026 (the “Springing Maturity Date”), more than \$500 million of the term loan facilities (other than the Term B-5 Loans) remain outstanding and have not been extended to a date on or after the Extended Revolving Facility Maturity Date, the Extended Revolving Facility Maturity Date shall instead be the Springing Maturity Date and (iii) increase the aggregate commitments under our revolving credit facility from \$414.5 million to \$600.0 million. We expect to enter into the Credit Agreement Amendment substantially concurrently with the closing of this offering, but there can be no assurance that we will so on the terms described herein or at all. The effectiveness of the Credit Agreement Amendment is not a condition to the issuance of the notes offered hereby. See “Description of Certain Other Indebtedness.”

We use the term “Transactions” throughout this offering memorandum to collectively refer to (a) the issuance and sale of the notes offered hereby, the borrowing of the Term B-5 Loans and the application of the net proceeds therefrom, including to repay certain of our outstanding borrowings under our revolving credit facility, fund the 2025 Notes Redemption (as defined below) and pay fees and expenses in connection with the foregoing, with the remainder to be used for general corporate purposes, including but not limited to, funding certain acquisitions currently under letters of intent, and (b) the Credit Agreement Amendment. See “—Recent Developments—2025 Notes Redemption” and “Use of Proceeds.”

Recent Developments

2025 Notes Redemption

In connection with this offering, we have issued a notice of conditional redemption providing for the redemption of all of the outstanding Existing 2025 Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date (the “2025 Notes Redemption”), subject to the completion of this offering. Any redemption of the Existing 2025 Notes will be made solely pursuant to a redemption notice delivered pursuant to the Existing 2025 Indenture, and nothing contained in this offering memorandum constitutes a notice of redemption of the Existing 2025 Notes.

2023 Incremental Amendment

On October 6, 2023, we entered into that certain Nineteenth Incremental Assumption and Amendment Agreement (the “2023 Incremental Amendment”) to the Credit Agreement, pursuant to which we incurred \$400 million of incremental term loans under our term loan facility. The proceeds from such incremental borrowing were

used to finance certain acquisitions, for other general corporate purposes and to pay fees and expenses incurred in connection with the foregoing. See “Description of Certain Other Indebtedness.”

2023 Revolver Draw

In December 2023, we drew \$75.0 million under our existing revolving credit facility, which amount we intend to repay as part of the Transactions.

Preliminary Results of Operations for the Three Months and Twelve Months Ended December 31, 2023

For the three months and twelve months ended December 31, 2023, we preliminarily estimate our results of operations to be as follows:

- our commissions and fees are approximately \$586.5 million for the three months ended December 31, 2023, representing an increase of approximately 20.5% when compared with commissions and fees of approximately \$486.9 million for the three months ended December 31, 2022, while our commissions and fees are approximately \$2,354.8 million for the twelve months ended December 31, 2023, representing an increase of approximately 14.8% when compared with commissions and fees of approximately \$2,052.1 million for the twelve months ended December 31, 2022;
- our contingent revenue is approximately \$46.0 million for the three months ended December 31, 2023, representing a decrease of approximately 16.2% when compared with contingent revenue of \$54.9 million for the three months ended December 31, 2022, while our contingent revenue is approximately \$198.9 million for the twelve months ended December 31, 2023, representing an increase of approximately 23.2% when compared with contingent revenue of \$161.4 million for the twelve months ended December 31, 2022;
- our total revenues are approximately \$634.4 million for the three months ended December 31, 2023, representing an increase of approximately 17.1% when compared with total revenues of approximately \$541.8 million for the three months ended December 31, 2022, while our total revenues are approximately \$2,555.5 million for the twelve months ended December 31, 2023, representing an increase of approximately 15.5% when compared with total revenues of approximately \$2,213.5 million for the twelve months ended December 31, 2022;
- our commission and fee organic revenue growth rate is approximately 5.9% and our total revenue growth rate is approximately 7.0%, in each case for the three months ended December 31, 2023, while our commission and fee organic revenue growth rate is approximately 6.5% and our total revenue growth rate is approximately 6.5%, comprising approximately 6.6% and approximately 6.1% in the Retail and Accretive segments, respectively, in each case for the twelve months ended December 31, 2023;
- our Standalone Adjusted EBITDA is approximately \$224.8 million for the three months ended December 31, 2023, representing an increase of approximately 15.1% when compared with Standalone Adjusted EBITDA of \$195.3 million for the three months ended December 31, 2022, while our Standalone Adjusted EBITDA is approximately \$877.1 million for the twelve months ended December 31, 2023, representing an increase of approximately 15.5% when compared with Standalone Adjusted EBITDA of \$759.7 million for the twelve months ended December 31, 2022;
- our Adjusted EBITDA is approximately \$233.1 million for the three months ended December 31, 2023, representing an increase of approximately 18.6% when compared with Adjusted EBITDA of approximately \$196.5 million for the three months ended December 31, 2022, while our Adjusted EBITDA is approximately \$950.2 million for the twelve months ended December 31, 2023, representing an increase of approximately 19.4% when compared with Adjusted EBITDA of \$795.6 million for the twelve months ended December 31, 2022;

- we completed 51 acquisitions in the twelve months ended December 31, 2023, adding approximately \$102 million of Adjusted EBITDA for Closed Acquisitions; and
- as of January 26, 2024, we have 15 acquisitions under signed letters of intent through April 17, 2024, representing approximately \$18.4 million in additional Acquisition Adjusted EBITDA (of which \$0.5 million is related to an acquisition that closed prior to January 26, 2024) with \$169 million aggregate purchase consideration for acquisitions (of which \$5.0 million is related to an acquisition that closed prior to January 26, 2024), implying a 9.2x acquired EBITDA multiple.

Where we refer to “Standalone Adjusted EBITDA,” “Adjusted EBITDA” and “Acquisition Adjusted EBITDA for Closed Acquisitions” in this “—Preliminary Results of Operations for the Three Months and Twelve Months Ended December 31, 2023” section, such terms are defined as and calculated in accordance with footnote (2) under the heading “—Summary Historical Consolidated Financial Data.”

We have presented approximate numbers for the three months and twelve months ended December 31, 2023 above, as we are currently finalizing our financial closing procedures for the three months and twelve months ended December 31, 2023 and therefore are not able to provide our actual results. The financial data for the three months and twelve months ended December 31, 2023 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. Prior to the finalization of our financial closing procedures, we are currently unable to determine the nature of potential 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, examined, compiled nor applied agreed-upon procedures with respect to the preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

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.

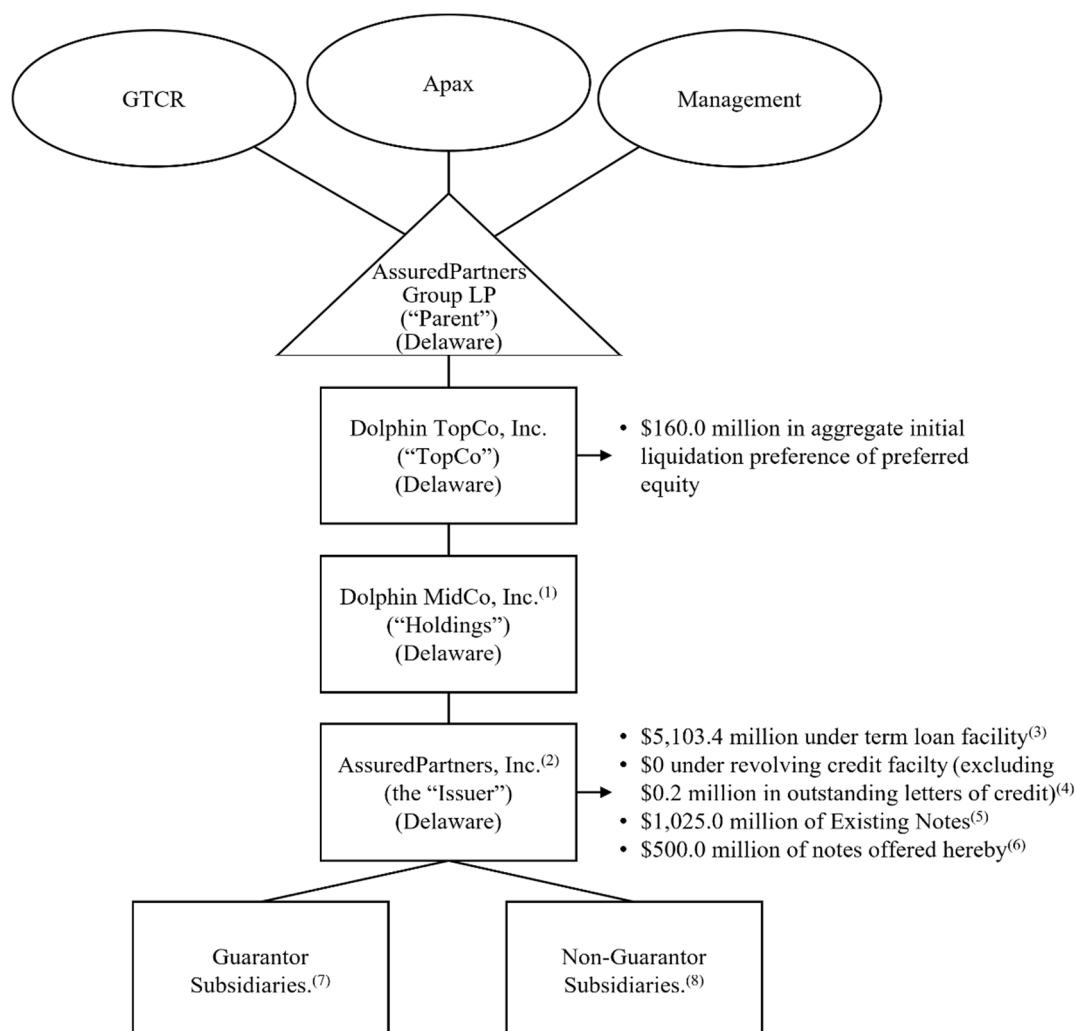
Apax Partners LLP is a leading global private equity advisory firm. Over its more than 40-year history, Apax Partners LLP has raised and advised funds with aggregate commitments of circa \$50 billion. Apax invests in companies across four global sectors of Tech & Telco, Services, Healthcare and Consumer.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

Corporate Information

AssuredPartners is a corporation formed under the laws of the State of Delaware. Our principal executive offices are located at 450 S Orange Ave, 4th Floor, Orlando FL, 32801. 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 September 30, 2023, on an as further adjusted basis after giving 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) Holdings is a guarantor under the senior secured credit facilities, but is not a guarantor of the Existing Notes and will not be a guarantor of the notes offered hereby.
- (2) AssuredPartners is the borrower under the senior secured credit facilities and the issuer of the Existing Notes and the notes offered hereby.
- (3) As of September 30, 2023, on an as further adjusted basis after giving effect to the Transactions and the 2023 Incremental Amendment, we would have had \$5,103.4 million of senior secured term loans outstanding under our term loan facilities. Certain of the existing term loan facilities will mature in February 2027. The Term B-5 Loans contemplated by the Transactions will mature seven years after the closing date of such Term B-5 Loans. At December 31, 2023, there were approximately \$4,591.6 million in outstanding senior secured term loans giving effect to the completion of an add-on acquisition financing that closed on October 6, 2023. See "Description of Certain Other Indebtedness."
- (4) Our existing revolving credit facility provides for aggregate commitments of \$414.5 million and matures on August 13, 2026. As of September 30, 2023, we had availability of \$414.3 million under our existing revolving credit facility after giving effect to \$0.2 million in outstanding letters of credit. In connection with the proposed

Credit Agreement Amendment, we are seeking to increase the aggregate commitments under our revolving credit facility from \$414.5 million to \$600.0 million. See “—The Transactions,” “Use of Proceeds” and “Description of Certain Other Indebtedness.” As of September 30, 2023, on an as further adjusted basis after giving effect to the Transactions, we had availability of \$599.8 million under our amended revolving credit facility after giving effect to \$0.2 million in outstanding letters of credit. As of September 30, 2023, on an as further adjusted basis after giving effect to the Transactions, we expect to use approximately \$164.4 million from cash on hand and/or borrowings under the revolving credit facility to finance acquisitions currently pending under signed letters of intent that are expected to close by April 17, 2024.

- (5) Represents the aggregate principal amount of the Existing Notes on an as further adjusted basis after giving effect to the Transactions. We expect to use net proceeds from the Transactions, in part, to fully redeem the Existing 2025 Notes. Nothing contained in this offering memorandum constitutes a notice of redemption of the Existing 2025 Notes. See “—The Transactions” and “Use of Proceeds.”
- (6) Represents the aggregate principal amount of the notes offered hereby.
- (7) Subject to certain exceptions, the notes will be fully and unconditionally guaranteed on a senior unsecured basis, 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.
- (8) The notes will not be guaranteed by any of our non-wholly-owned, unrestricted or non-U.S. subsidiaries. On an as further adjusted basis after giving effect to the Transactions, our non-guarantor subsidiaries would have accounted for an immaterial portion of our total revenues and income from operations, in each case, for the nine months ended September 30, 2023 and would have accounted for an immaterial portion of our consolidated total assets and total liabilities, in each case, as of September 30, 2023.

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.

Issuer.....	AssuredPartners, Inc.		
The Notes.....	\$500.0 million aggregate principal amount of		% Senior Notes due 2032.
Maturity		, 2032.	
Interest	Interest on the notes will accrue from , 2024 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 , 2024.		
Guarantees	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 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.”		
Ranking.....	<p>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:</p> <ul style="list-style-type: none"> • rank senior in right of payment to all of the Issuer’s and the guarantors’ future obligations that are, by their terms, expressly subordinated in right of payment to the notes; • rank <i>pari passu</i> in right of payment with all of the Issuer’s and the guarantors’ existing and future senior indebtedness, including indebtedness 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. <p>As of September 30, 2023, on an as further adjusted basis after giving effect to the Transactions:</p> <ul style="list-style-type: none"> • we would have had, on a consolidated basis, total indebtedness and other liabilities of approximately \$6,629.5 million, including \$5,104.3 million of senior secured indebtedness; 		

- we would have had an additional \$599.8 million of availability to incur secured indebtedness under our amended revolving credit facility (after giving effect to \$0.2 million of outstanding letters of credit and, for the avoidance of doubt, assuming the aggregate commitments under our revolving credit facility are increased to \$600.0 million pursuant to the Credit Agreement Amendment); and
- for the nine months ended September 30, 2023, our non-guarantor subsidiaries would have accounted for an immaterial portion of our consolidated total revenues and consolidated income from operations and, as of September 30, 2023, 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 _____, 2027, 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 _____, 2027, 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 _____, 2027, 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, 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.

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.

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 Indentures, 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 or local securities laws. We do not intend to issue registered notes and guarantees in exchange for the notes and the 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 and the net proceeds from an incremental borrowing under the term loan facilities to repay certain of our outstanding borrowings under our revolving credit facility, redeem all of our Existing 2025 Notes and pay fees and expenses in connection with the foregoing, with the

remainder to be used for general corporate purposes, including, but not limited to, funding certain acquisitions currently under letters of intent. The Issuer also plans to extend the maturity date and increase the aggregate commitments under our revolving credit facility. See “Summary—The Transactions,” “Summary—Recent Developments—2025 Notes Redemption” and “Use of Proceeds.”

Trustee	U.S. Bank Trust Company, 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 Financial Data

The following table sets forth our summary historical consolidated financial data as of the dates and for the periods indicated. The summary historical consolidated financial statements of operations and balance sheet data as of and for the years ended December 31, 2022 and 2021 are derived from our audited consolidated financial statements and notes thereto, which have been audited by PricewaterhouseCoopers LLP, our independent auditors, whose report on these financial statements is included elsewhere in this offering memorandum. The summary historical consolidated financial statements of operations and balance sheet data as of and for the nine months ended September 30, 2023 and 2022 are derived from our unaudited consolidated financial statements for such periods included in this offering memorandum which contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of our financial position and results of operations for the periods presented. 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 “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 unaudited financial statements of operations for the twelve months ended September 30, 2023 was derived for each line item presented by subtracting the line item in our unaudited consolidated financial statements for the nine months ended September 30, 2022 from the line item from our consolidated financial statements for the twelve months ended December 31, 2022 and adding the amount of the line item from our unaudited consolidated financial statements for the nine months ended September 30, 2023.

	Years Ended December 31,		Nine Months Ended September 30,		Twelve Months Ended September 30,
	2021	2022	2022	2023	2023
(in thousands)					
Statements of Operations:					
Revenues					
Commissions and fees	\$ 1,743,436	\$ 2,052,107	\$ 1,565,225	\$ 1,768,236	\$ 2,255,118
Contingent revenue	108,155	161,388	106,515	152,866	207,739
Total revenues	<u>1,851,591</u>	<u>2,213,495</u>	<u>1,671,740</u>	<u>1,921,102</u>	<u>2,462,857</u>
Expenses					
Compensation expense	979,950	1,196,369	917,106	1,059,228	1,338,491
Selling expense	28,985	39,945	28,579	32,454	43,820
Administrative expense	242,437	293,959	211,774	251,468	333,653
Transaction expense	11,386	3,822	2,253	10,136	11,705
Increase in fair value of earn-out payables, net	89,154	41,973	53,060	20,043	8,956
Depreciation and amortization expense	215,603	251,828	183,755	204,090	272,162
Total operating expenses	<u>1,567,515</u>	<u>1,827,896</u>	<u>1,396,527</u>	<u>1,577,419</u>	<u>2,008,788</u>
Income from operations	284,076	385,599	275,213	343,683	454,069
Interest expense	(254,543)	(301,322)	(210,838)	(355,059)	(445,543)
Accretion on fair value of earn-out payables, net	(16,705)	(49,037)	(34,451)	(33,042)	(47,628)
Loss on debt extinguishment	—	(4,143)	(4,143)	—	—
Other income, net	14,079	4,764	312	24,081	28,533
Income before income taxes	26,907	35,861	26,093	(20,337)	(10,569)
Benefit (provision) for income taxes	(18,336)	1,671	(11,745)	778	14,194
Net (loss) income	<u>\$ 8,571</u>	<u>\$ 37,532</u>	<u>\$ 14,348</u>	<u>\$ (19,559)</u>	<u>\$ 3,625</u>
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 197,292	\$ 766,261	\$ 422,535	\$ 350,538	\$ 350,538
Total assets	8,894,104	10,192,500	9,543,062	10,297,289	10,297,289

	Years Ended December 31,		Nine Months Ended September 30,		Twelve Months Ended September 30,
	2021	2022	2022	2023	2023
(in thousands)					
Total liabilities.....	6,277,101	7,517,658	6,889,607	7,641,493	7,641,493
Total equity	2,617,003	2,674,842	2,653,455	2,655,796	2,655,796
Other Financial Data:					
Acquisition Adjusted Revenue ⁽¹⁾					\$ 2,661,005
EBITDA ⁽²⁾	\$ 497,053	\$ 589,011	\$ 420,686	\$ 518,988	\$ 687,312
Standalone Adjusted EBITDA ⁽²⁾	\$ 641,193	\$ 759,693	\$ 558,039	\$ 643,966	\$ 847,871
Adjusted EBITDA ⁽²⁾					\$ 878,873
Adjusted EBITDA for Closed Acquisitions ⁽²⁾					\$ 937,046
Acquisition Adjusted EBITDA ⁽²⁾					\$ 955,442
Free Cash Flow ⁽²⁾⁽³⁾	\$ 623,760	\$ 720,694	\$ 528,219	\$ 601,988	\$ 794,463
Capital expenditures	\$ 17,433	\$ 38,999	\$ 29,820	\$ 41,978	\$ 51,157
					Twelve Months Ended September 30, 2023, on an as further adjusted basis after giving effect to the Transactions
(in millions)					
Selected Credit Data:⁽⁴⁾					
As further adjusted total net debt ⁽⁵⁾				\$	6,179.5
As further adjusted secured net debt ⁽⁶⁾				\$	4,654.5
As further adjusted ratio of total net debt to Adjusted EBITDA for Closed Acquisitions ⁽²⁾⁽⁵⁾					6.59x
As further adjusted ratio of secured net debt to Adjusted EBITDA for Closed Acquisitions ⁽²⁾⁽⁶⁾					4.97x
As further adjusted total cash interest expense ⁽⁷⁾				\$	503.9
As further adjusted ratio of Adjusted EBITDA for Closed Acquisitions to total cash interest expense ⁽⁸⁾					1.86x
<p>(1) Acquisition Adjusted Revenue is not a measurement of financial performance prepared in accordance with GAAP and has important limitations as an analytical tool. Any analysis of Acquisition Adjusted Revenue should be used only in conjunction with results presented in accordance with GAAP and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. See “Non-GAAP Financial Measures.”</p>					
					Twelve Months Ended September 30, 2023
(in millions)					
Total revenue.....				\$	2,462.9
Acquired revenues during twelve months ended September 30, 2023 ^(a)					41.5
Acquired revenues through January 26, 2024 ^(b)					110.9
Acquired revenues under signed letter of intent ^(c)					45.7
Acquisition Adjusted Revenue				\$	2,661.0
<p>(a) Represents the revenues of the various companies or businesses acquired by us during the twelve months ended September 30, 2023, as if such acquisitions had been consummated on the first day of such period. For more information on these acquisitions, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Combinations.”</p> <p>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</p>					

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 the Notes and our Indebtedness—This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited.”

- (b) Represents the revenues of the various companies or businesses acquired by us during the period between October 1, 2023 and January 26, 2024, as if such acquisitions had been consummated on the first day of the period presented. 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 the Notes and our Indebtedness—This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited.”

- (c) Represents the revenues of the various companies or businesses for which acquisition letters of intent have been signed, as if such acquisitions had been consummated on the first day of the period presented. We expect these acquisitions will close by April 17, 2024. 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 Revenue. We expect to fund these acquisitions with cash on hand and borrowings under our revolving credit 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 the Notes and our Indebtedness—This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited.”

- (2) 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:

	Years Ended December 31,		Nine Months Ended September 30,		Twelve Months Ended September 30, 2023
	2021	2022	2022	2023	
(in thousands)					
Net (loss) income.....	\$ 8,571	\$ 37,532	\$ 14,348	\$ (19,559)	\$ 3,625
Interest expense ^(a)	254,543	301,322	210,838	335,235	425,719
(Benefit) provision for income taxes	18,336	(1,671)	11,745	(778)	(14,194)
Depreciation and amortization expense.....	215,603	251,828	183,755	204,090	272,162
EBITDA	\$ 497,053	\$ 589,011	\$ 420,686	\$ 518,988	\$ 687,312
Changes in non-cash earn-out valuation ^(b)	105,859	91,010	87,512	53,085	56,583
Stock-based compensation	10,998	16,381	10,660	15,507	21,230
Seller-funded transition compensation payments ^(c)	2,437	6,039	3,984	2,362	4,417
New and unvalidated producers ^(d)	3,062	3,826	—	—	4,186
Other non-recurring or unusual income and expense, net ^(e)	21,784	49,283	31,054	54,024	74,143
Debt extinguishment loss ^(f)	—	4,143	4,143	—	—
Standalone Adjusted EBITDA	\$ 641,193	\$ 759,694	\$ 558,039	\$ 643,966	\$ 847,871
Other Acquired EBITDA during twelve months ended September 30, 2023 ^(g)					\$ 31,002
Adjusted EBITDA					\$ 878,873
Other Acquired EBITDA through December 31, 2023 ^(h)					\$ 58,173
Adjusted EBITDA for Closed Acquisitions.....					\$ 937,046
Other Acquired EBITDA during January 1, 2024 through January 26, 2024 and under signed letter of intent through April 17, 2024 ⁽ⁱ⁾					\$ 18,396
Acquisition Adjusted EBITDA					\$ 955,442

- (a) Represents interest expense, net of interest income, 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 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 consulting expenses, compensation costs associated with office restructurings, changes in fair value of derivatives and other non-recurring items as deemed by management.
- (f) For the year ended December 31, 2022 and the nine months ended September 30, 2022, represents the accounting for the revolving credit facility and the associated write off of capitalized loan costs associated with the termination of the old revolving loan credit facility.

- (g) Represents the Adjusted EBITDA, based on our diligence, for the period commencing October 1, 2022 and ending on the date immediately preceding the applicable acquisition date with respect to the various companies or businesses acquired by AssuredPartners during the twelve months ended September 30, 2023. 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 the Notes and our Indebtedness—This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited.”

- (h) 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 October 1, 2023 and December 31, 2023 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 the Notes and our Indebtedness—This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited.”

- (i) Represents (x) 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, 2024 and January 26, 2024 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) and (y) the Adjusted EBITDA, based on our diligence, for the twelve months ended September 30, 2023 with respect to the various companies or businesses for which acquisition letters of intent have been signed. We expect these acquisitions will close by April 17, 2024. However, there can be no assurance that the acquisitions referenced in clause (y) will close or the timing thereof. If the acquisitions do not close, we will not benefit from the expected positive impact to our Acquisition Adjusted EBITDA. We may borrow under our 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 or to be 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 the Notes and our Indebtedness—This offering memorandum includes financial information prepared by other entities that has not been independently reviewed or audited.”

- (3) We define Free Cash Flow as Standalone Adjusted EBITDA less capital expenditures. See footnote (2) above for a reconciliation of Standalone Adjusted EBITDA to net income, the nearest comparable GAAP measure.
- (4) As further adjusted to give effect to the Transactions.
- (5) As further adjusted total net debt represents total debt (exclusive of unamortized discounts and deferred financing costs) of \$6,630 million less estimated cash and cash equivalents of \$450.5 million as of January 26, 2024, in each case, on an as further adjusted basis after giving effect to the Transactions. As further adjusted cash and cash equivalents give effect

to the use of approximately \$164.4 million from cash on hand and/or borrowings under the revolving credit facility to finance acquisitions currently pending under signed letters of intent that are expected to close by April 17, 2024. As further adjusted cash and cash equivalents does not reflect any issue discounts and commissions in connection with this offering. See “Capitalization.”

- (6) As further adjusted secured net debt represents total debt (exclusive of unamortized discounts and deferred financing costs) that is secured of \$5,105 million less estimated cash and cash equivalents of \$450.5 million as of January 26, 2024, in each case, on an as further adjusted basis after giving effect to the Transactions. As further adjusted cash and cash equivalents give effect to the use of approximately \$164.4 million from cash on hand and/or borrowings under the revolving credit facility to finance acquisitions currently pending under signed letters of intent that are expected to close by April 17, 2024. As further adjusted cash and cash equivalents does not reflect any issue discounts and commissions in connection with this offering. See “Capitalization.”
- (7) As further adjusted total cash interest expense is calculated assuming the interest rate on the notes offered hereby and after giving effect to the Transactions, as if the Transactions had occurred on the first day of the twelve months ended September 30, 2023.
- (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 Indentures 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 and we may be unable to satisfy our obligations under the notes. 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 nine months ended September 30, 2023, we derived approximately 92.0% 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 cyclicalities 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 nine months ended September 30, 2023, we derived approximately 8.0% 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. For example, there have been changes in the reinsurance market making it more difficult for insurance carriers to obtain reinsurance coverage for life insurance, resulting in changes to the design and pricing of universal life insurance policies that may reduce their attractiveness to clients. To the extent that reinsurance becomes 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 nine months ended September 30, 2023, no single carrier accounted for more than 5% of our total revenue, with the top ten carriers in the aggregate representing approximately 24% of our total revenues. 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. 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, which is influenced by a variety of factors, including energy costs, geopolitical issues such as the conflicts between Russia and Ukraine and the Israel-Hamas war, the impacts of the COVID-19 pandemic or a similar global health crisis, inflation, the availability and cost of credit and slow economic growth in the United States. 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 to reduce expenses. In addition, reductions in our clients' headcount, payroll, properties and the market values of assets could also adversely impact our commission revenues when the carriers perform exposure audits if they lead to subsequent downward premium adjustments. 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. Further, our business is also impacted by general trends in the insurance industry, such as the growing availability of alternative methods for clients to meet their risk-protection needs. Corporations have demonstrated a greater willingness to "self-insure," including the use of captive insurers, and the advent of capital markets-based solutions to traditional insurance and reinsurance needs, which in turn could reduce the demand for products and services we sell.

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

We face competition in all markets in which we operate, primarily based on product breadth, innovation, quality of service and price. We compete with a number of insurance brokerages who may have greater resources than we do and as a result, these competitors may be able to identify trends more quickly or withstand an economic downturn and/or declining premium rates better than we can. 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 we can obtain for services provided, which would also have an adverse effect on revenue and margins.

In certain markets we compete directly with locally owned insurance brokerages and privately owned regional insurance brokerages. 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 we are. 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 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.

In addition, our due diligence with respect to the business and operations of each of the brokerages we acquire 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.

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.

Quarterly and annual variations in our commissions that result from the timing of policy renewals and the net effect of new and lost business production may have unexpected effects on our results of operations.

Our commission income (including profit-sharing contingent commissions and override commissions) can vary quarterly or annually due to the timing of policy renewals and the net effect of new and lost business production due to factors that are not within our control. Specifically, customers' demand for insurance products can influence the timing of renewals, new business and lost business (including policies that are not renewed), and cancellations. In addition, we rely on insurance companies for the payment of contingent commissions, which are processed internally by these insurance companies and may not be timely received by us in a particular quarter or year until after the end of that period. Because we are unable to control the timing of the payments, we may not be able to accurately forecast these revenues and therefore budget for significant future expenditures. Additionally, insurance underwriters or their affiliates may under certain circumstances seek the chargeback or repayment of commissions as a result of policy lapse, surrender, cancellation, rescission, default, or upon other specified circumstances. As a result of the chargeback or repayment of commissions, we may incur an expense in a particular period related to revenue previously recognized in a prior period and reflected in our financial statements. Quarterly and annual fluctuations in revenues based on increases and decreases associated with the timing of policy renewals, and any chargebacks or repayments sought, may adversely affect our financial condition, results of operations and cash flows.

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, Florida, Ohio, Texas, Pennsylvania, Maryland and Illinois. The insurance business is primarily a state-regulated industry. 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. 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 the past there have been governmental inquiries and investigations into the insurance industry's commission payment practices, including practices similar to ours. Further, some insurance companies have agreed with regulatory authorities to end the payment of contingent commissions on insurance products. If our clients seek alternatives to our products and services and/or determine they will no longer make payments of contingent commissions to us, our business and results of operations will be adversely affected.

While we cannot predict the outcome of any potential future governmental inquiries and investigations or the responses by the market and 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.

Further, certain employee benefits products we sell currently have a favorable tax treatment, such as the deductibility of expenses related to health insurance plans or the tax-free build-up of cash values and the tax-free nature of death benefits of life insurance products. A change in the tax treatment associated with such plans or products, or adverse determinations or guidance by the Internal Revenue Service (the "IRS") relative to such plans or products, could affect the demand for employee benefits products and thereby adversely impact our business and results of operations.

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.

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 legal proceedings that, 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.

Our 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.

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

Although the scope of regulation and form of supervision by these authorities may vary from jurisdiction to jurisdiction, insurance laws in the United States are often complex and generally grant broad discretion to supervisory authorities in adopting regulations and supervising regulated activities. This supervision generally includes the regulation and licensing of insurance carriers, intermediaries and others making available insurance products or services; the regulation of financial solvency of insurance carriers, including by establishing reserve requirements and requiring participation in guarantee funds and shared market mechanisms; the regulation of unfair trade and claims practices, including the handling and permitted investment of client funds held in a fiduciary capacity by industry participants; and the regulation of market conduct, including compensation arrangements between intermediaries, on the one hand, and carriers and clients, on the other hand. These activities may result in the enactment of insurance-related laws and regulations, or the issuance of interpretations of existing laws and regulations that adversely affect

our business. Our ability to conduct our business in the jurisdictions in which we currently operate depends on our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these jurisdictions. More restrictive laws, rules or regulations may be adopted in the future that could make compliance more difficult and expensive.

Further, we are required to comply with 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, among other things, providing or offering anything of value to foreign officials and other officials for improper or corrupt purposes. We are also subject to economic and trade sanctions and embargo laws, orders, 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, which prohibit us from engaging in business with certain foreign countries, territories, entities, and individuals. Although we believe that we are in compliance with all applicable sanctions and anti-corruption 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 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 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, malware, ransomware, demands for ransom, phishing or other attacks by hackers, employee or contractor malfeasance, human error and similar intrusions. Such cybersecurity attacks or breaches can create system disruptions, shutdowns or unauthorized access to information maintained in our information technology systems and in the information technology systems of our vendors and other third parties. In the case of a successful ransomware attack in which our data and information systems are compromised and applicable restore control processes to restore access are not effective, our information could be held hostage until a ransom, which may be significant, is paid. We have in the past been subject to, and may in the future experience, cybersecurity attacks and breaches of our information technology systems. Further, like others in the insurance industry, the Company may be under greater threat from cybercriminals seeking sensitive personal or other insurance-related information. Additionally, in response to the COVID-19 pandemic, the Company has implemented temporary adjustment of work schedules, allowing employees to work from home and adopt remote collaboration. As a result of these measures, and as Company employees continue to work from home and access the Company's systems remotely, the Company may be subject to heightened information security risks, including the risk of cyber attacks. Further, the Company cannot entirely eliminate the related costs associated with or incurred by the Company to mitigate the consequences from such security and privacy incidents. If the Company's systems or facilities were infiltrated or damaged or if the Company was unable to prevent unauthorized account access and transactions, the Company's clients could experience data loss, financial loss and significant business interruption leading to a material adverse effect on the Company's business, financial condition and results of operations. The Company may be required to expend significant additional resources to remedy, modify protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications to stakeholders, regulators, media and impacted individuals. The use of electronic communications, mobile technologies and social media by employees, clients and third parties, and the speed at which information can be widely distributed, increases the risks associated with the intentional or unintentional distribution of confidential, sensitive, or proprietary information, and personal information, and the potential for unauthorized access and transactions.

Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not discovered until they have been launched against a target. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are increasing in sophistication, we may be unable to anticipate these techniques, detect breaches for long periods of time or implement preventative measures. 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.

The Company is subject to laws, regulations and contractual obligations relating to the collection, use, retention, disclosure, security and transfer of personal information and confidential, sensitive or proprietary data. Our own actual or perceived failure, or the failure of third-party vendors with whom we do business, to comply with these obligations could harm our business. Privacy laws and regulations are continuously changing and often are inconsistent among the jurisdictions in which we operate. Federal and state legislators are proposing new and more robust cybersecurity legislation in light of the recent broad-based cyberattacks at a number of companies. For example, the New York State Department of Financial Services adopted the Cybersecurity Requirements for Financial Services Companies ("NYS Cyber Regulation") which became effective March 1, 2017. The NYS Cyber Regulation applies to those Company subsidiaries and personnel licensed as insurance agents in New York by expanding obligations and imposing specific requirements for cybersecurity efforts. On November 1, 2023, the New York Department of Financial Services released finalized revisions to the NYS Cyber Regulation, which will require the implementation of additional reporting, governance, and oversight measures. In addition, the National Association of

Insurance Commissioners finalized the Insurance Data Security Model Law (the “NAIC Model Law”) in 2017, which is based largely on the NYS Cyber Regulation. Once adopted by the various states, the NAIC Model Law will establish significant requirements for insurance industry licensees. The California Consumer Privacy Act (“CCPA”), which took effect on January 1, 2020, is a further example of the increasing costs of privacy compliance our business faces and the potential for increased liability in the event of noncompliance or a data breach. Under the CCPA, California residents have a number of new rights that are enforceable by the California Attorney General (for example, rights to access and deletion of personal information), as well as a private right of action in the event of a data breach. The CCPA also establishes a private right of action that has potentially significant statutory damages; businesses that fail to implement reasonable security measures to protect against breach of personal information could be directly liable to affected consumers. The CCPA provides an exemption for personal information collected, processed, sold or disclosed pursuant to the Gramm-Leach-Bliley Act, the main federal privacy law governing financial institutions. Given this exception, we are largely exempt from many of the requirements of the CCPA. However, the California Privacy Rights Act, which is intended to augment and expand the CCPA by imposing additional obligations and limitations on covered business’ use and sharing of certain personal data, came into effect in January 2023, and many other states have passed or are considering comprehensive data privacy laws that are similar to the CCPA, including the Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Connecticut Personal Data Privacy and Online Monitoring Act, the Utah Consumer Privacy Act, the Montana Consumer Data Privacy Act, the Oregon Consumer Data Protection Act, the Tennessee Consumer Data Protection Act, the Iowa Consumer Data Protection Act, the Texas Data Privacy and Security Act, and the Indiana Consumer Data Protection Act. We anticipate that similar laws will continue to be proposed in other states and at the federal level, reflecting a trend toward more stringent data privacy legislation in the United States. These new laws may impose obligations similar to or more stringent than those we are subject to under other data protection laws. Further, this legislation may add additional complexity, requirements, restrictions and potential legal risk, may require additional investment in and for our to compliance programs, could impact strategies and the availability of previously useful data, and could result in increased compliance costs and/or changes in business practices and policies.

Specifically, on August 27, 2023, the Company’s subsidiary Keenan discovered certain disruptions occurring on some Keenan network servers, which was determined to be an incident resulting from ransomware. Due to the nature of the incident, Keenan was obligated to provide legally required notices regarding the incident to a number of its business partners and their respective employees and to certain government agencies. The Company continues to monitor the situation and the notification process is ongoing. Further, the Company has been notified that it is the subject of two class action lawsuits with respect to the foregoing ransomware incident. The ultimate outcome of any litigation or related proceedings with respect to the ransomware incident is unknown at this time. The Company may become party to additional complaints as a result of the incident.

Additionally, the Company’s operations in the United Kingdom are subject to compliance with the Data Protection Act 2018 (the United Kingdom’s implementation of the European Union’s General Data Protection Regulation) and any changes that may be made thereto after the United Kingdom is fully withdrawn from membership in the European Union. These initiatives and changing regulations could increase the cost of developing, implementing or securing our servers, software applications and cloud storage and requires us to allocate more resources to improved cybersecurity technologies, adding to our IT and compliance costs. Our failure to adhere to or successfully implement procedures to respond to these requirements could result in legal liability or impairment to our reputation. Additionally, if we expand our international operations, the cost and complexity of compliance, and the associated risks of noncompliance, with data privacy and data security laws, regulations and contractual obligations will further increase.

Intellectual property is important to the Company, and the Company may be unable to protect and enforce our own intellectual property or may be subject to claims for infringing the intellectual property of others.

The Company’s proprietary trademarks, technology and other intellectual property is important to the operation of our business. However, we may not have the ability to protect our intellectual property from all unauthorized use and disclosure by others. Further, we may not be able to prevent our competitors from independently developing products and services that are similar to ours. We may incur significant costs in our efforts to protect and enforce our intellectual property rights, including the possible initiation of expensive and protracted litigation, and we may not prevail. Any inability to enforce our intellectual property rights could have an adverse effect on our business and our ability to compete, and in some cases such effect could be material.

We may be subject to claims by third parties that our products, services and technologies infringe on their intellectual property rights. Any intellectual property infringement claims brought against us could cause us to spend significant time and money to defend ourselves, regardless of the merits of the claims. If we are found to infringe any third-party intellectual property rights, we could have to pay significant monetary damages or fees and could otherwise incur reputational harm or substantial time and expense to redesign our products, services or technologies to avoid the infringement.

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

By reason of their direct and indirect majority ownership interest in Parent, GTCR and Apax each have the ability to designate three managers of The AssuredPartners Group GP, LLC (f/k/a 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 have designated a majority of the board of managers of Parent GP. 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 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 Indentures, the Sponsors may cause us to pay dividends from available dividend capacity under the Existing Indentures and this Indenture 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 Randy Larsen, our Chief Executive Officer and member of the Board of Directors, and Paul Vredenburg, our President, Chief Operating Officer and member of the Board of Directors, 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. 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.

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.

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 subject to Section 404 of the Sarbanes-Oxley Act of 2002 and therefore are not currently required to evaluate our internal controls over financial reporting under these requirements and we do not intend to voluntarily comply with these requirements. However, in 2021, the Company identified a material weakness related to the initial adoption of ASC 606 in 2019. The existence of material weaknesses or deficiencies in our internal controls that we have not detected could result in the decline of investor confidence in our financial reports 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 offshore. 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. We periodically negotiate provisions and renewals of these relationships, and there can be no guarantee that such terms will remain acceptable to us, such third parties or regulators. If third party providers experience disruptions, fail to meet applicable licensure requirements, do not perform as anticipated or in compliance with applicable laws and regulations, terminate or fail to renew our relationships, or such third-party providers in turn rely on services from another third-party provider, who experiences such disruptions, licensure failures, nonperformance or noncompliance, termination or nonrenewal of its contractual relationships, the Company may experience operational difficulties, an inability to meet obligations (including, but not limited to, contractual, legal, regulatory or customer obligations), a loss of business, increased costs or reputational harm, compromises to our data integrity, or suffer other negative consequences, all of which could have a material adverse effect on 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 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. Our disaster recovery procedures in place and insurance to protect against such contingencies 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.

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

If we do not keep up with technological changes, our business and results of operations could be adversely affected. In many of our business lines, our ability to remain competitive and differentiate our services to clients may in part depend on our ability to anticipate and respond effectively to a competitive landscape driven by the development and adoption of new technologies and methodologies. Our competitors are seeking to develop or incorporate technological solutions into their business, and their success in this space may impact our ability to

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

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 an 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.

A deterioration in general economic, business, geopolitical or industry conditions could materially adversely affect our results of operations, financial condition and cash flows.

Concerns over global economic conditions, energy costs, geopolitical issues, including the conflicts between Russia and Ukraine and the Israel-Hamas war, the impacts of the COVID-19 pandemic or a similar global health crisis, inflation, the availability and cost of credit and slow economic growth in the United States have contributed to general economic uncertainty and diminished expectations for the global economy. Additionally, acts of protest and civil unrest have caused economic and political disruption in the United States. Meanwhile, continued hostilities in Europe and the Middle East and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the economies of the United States and other countries. A deterioration in the economic climate in the United States or abroad could materially adversely affect our operations, financial condition and cash flows.

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 this offering will continue to have, a significant amount of indebtedness. As of September 30, 2023, on an as further adjusted basis after giving effect to the Transactions, we would have had, on a consolidated basis, total debt (including current portion) of approximately \$6,629.5 million, including \$5,103.4 million of senior secured indebtedness, and we would have had an additional \$599.8 million of availability to incur secured indebtedness under our amended revolving credit facility (after giving effect to \$0.2 million of outstanding letters of credit and, for the avoidance of doubt, assuming the aggregate commitments under our revolving credit facility are increased to \$600.0 million pursuant to the Credit Agreement Amendment).

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 Indentures 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 the 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 Indentures 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 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.

We and our subsidiaries may still be able to incur substantial additional indebtedness. 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. The restrictions on the incurrence of additional indebtedness contained in the Credit Agreement and Existing Indentures, and that will be contained in the Indenture, 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 Indentures 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 Indentures 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 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 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. A one-eighth percentage point change in the interest rate associated with our outstanding variable rate indebtedness as of September 30, 2023 (assuming our revolving credit facility were fully drawn on an as further adjusted basis after giving effect to the Transactions (including the Credit Agreement Amendment)) would result in a change in our annual interest expense of approximately \$2.7 million, and any floating for fixed rate 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 existing term loans will mature in February 2027, our amended revolving credit facility will mature in August, 2028 (the "Extended Revolving Facility Maturity Date"); provided that if, as of November 14, 2026 (the "Springing Maturity Date"), more than \$500 million of the term loan facilities (other than the Term B-5 Loans) remain outstanding and have not been extended to a date on or after the Extended Revolving Facility Maturity Date, the Extended Revolving Facility Maturity Date shall instead be the Springing Maturity Date, our Term B-5 Loans will mature seven years after the closing date of such Term B-5 Loan, our Existing 2027 Notes will mature in May 2027 and our Existing 2029 Notes will mature in January 2029. 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 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 Indentures, which could lead to an acceleration or repayment of substantially all of our outstanding debt.

In connection with this offering, we have issued a notice of conditional redemption providing for the redemption of all of the outstanding Existing 2025 Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest, if any, to but not including, the redemption date (the “2025 Notes Redemption”), subject to the completion of this offering. We intend to use the net proceeds from this offering, together with the net proceeds from incremental borrowing under our term loan facility, to repay certain of our outstanding borrowings under our revolving credit facility, to redeem our Existing 2025 Notes and to pay fees and expenses in connection with the foregoing, with the remainder to be used for general corporate purposes including, but not limited to, funding certain acquisitions currently under letters of intent. We also plan to amend the Credit Agreement to extend the maturity date and increase the aggregate commitments under our revolving credit facility. Any redemption of the Existing 2025 Notes will be made solely pursuant to a redemption notice delivered pursuant to the Existing 2025 Indenture, and nothing contained in this offering memorandum constitutes a notice of redemption of the Existing 2025 Notes. See “Summary—The Transactions,” “Summary—Recent Developments—2025 Notes Redemption” and “Use of Proceeds.”

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 to the extent of the value of the collateral that secures that indebtedness. As of September 30, 2023, on an as further adjusted basis after giving effect to the Transactions, we would have had, on a consolidated basis, total debt (including current portion) of approximately \$6,629.5 million, including \$5,103.4 million of senior secured indebtedness, and we would have had an additional \$599.8 million of availability to incur secured indebtedness under our amended revolving credit facility (after giving effect to \$0.2 million of outstanding letters of credit and, for the avoidance of doubt, assuming the aggregate commitments under our revolving credit facility are increased to \$600.0 million pursuant to the Credit Agreement Amendment). 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.

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.

On an as further adjusted 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 for the nine months ended September 30, 2023 and, as of September 30, 2023, would have accounted for an immaterial portion of our consolidated total assets and total liabilities.

In addition, our subsidiaries that provide, or will provide, guarantees will be automatically released from those 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 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 the 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 the Existing Indentures. 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. 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 notes or the guarantees may not be enforceable because of fraudulent conveyance or transfer laws and, as a result, you may be required to return payments received by you in respect of the notes or the guarantees.

The incurrence of the notes by the Issuer and the guarantees by our guarantors (including any future guarantees) may be subject to review under U.S. federal bankruptcy law or relevant state fraudulent conveyance or transfer laws if a bankruptcy case or lawsuit is commenced by or on behalf of the Issuer or the guarantors (or any trustee appointed on behalf thereof) or our or their unpaid creditors (as applicable). Under these laws, if in such a case or lawsuit a court were to find that, at the time the Issuer incurred its obligations under the notes or such guarantor incurred a guarantee, the Issuer or such guarantor:

- incurred obligations under the notes or the guarantee with the intent of hindering, delaying or defrauding current or future creditors;
- received less than reasonably equivalent value or fair consideration for incurring the notes or the 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 notes or the guarantee of such guarantor or subordinate the amounts owing under the notes or such guarantee to the Issuer or such guarantor’s presently existing or future debt, or take other actions detrimental to you.

A court would likely find that the Issuer or a guarantor did not receive reasonably equivalent value or fair consideration for its obligations under the notes or the guarantee if the Issuer or 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 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 guarantees for less than reasonably equivalent value or fair consideration. Therefore, a court could void the obligations under the guarantees, subordinate them to the applicable guarantor's other indebtedness or take other action detrimental to the holders of the notes. If a court were to void a guarantee, you would no longer have a claim against the guarantor. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from the subsidiary guarantor.

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, such that we cannot assure you as to what standard a court would apply in determining whether the Issuer 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 guarantees) did not constitute preferences, fraudulent transfers or conveyances on other grounds; or that the issuance of the notes and the guarantees would not be subordinated to the Issuer or any guarantor's other debt. 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.

If a guarantee is avoided as a fraudulent conveyance or transfer or found to be unenforceable for any reason, you will not have a claim against that obligor and will only be a creditor of the Issuer or any guarantor to the extent the Issuer 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 guarantees.

Each 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 guarantee to be a fraudulent conveyance or transfer. This provision may not be effective (as a legal matter or otherwise) to protect the guarantees from being avoided under applicable fraudulent transfer or conveyance laws or may reduce the guarantor's obligation to an amount that effectively makes the guarantee worthless. In a Florida bankruptcy court decision (which was subsequently reinstated by the United States Court of Appeals for the Eleventh Circuit on other grounds), this kind of provision was found to be ineffective to protect the guarantees.

In addition, any payment by the Issuer pursuant to the notes or by a guarantor under a guarantee made at a time the Issuer or such 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 U.S. Bankruptcy Code in a hypothetical Chapter 7 case.

Finally, as a court of equity, a bankruptcy court may subordinate the claims in respect of the notes or guarantees to other claims against the Issuer 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 U.S. 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. See "—The notes or the guarantees may not be enforceable because of fraudulent conveyance or transfer laws and, as a result, you may be required to return payments received by you in respect of the notes or the guarantees." 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 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 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.

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.

Because the notes will initially be held in book-entry form, you must rely on DTC's procedures to exercise your rights and remedies.

We will initially issue each series of the notes in the form of one or more Global Notes (as defined herein) registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in the Global Notes will be shown on, and transfers of global notes will be effected only through, the records maintained by DTC. Except in limited

circumstances, we will not issue certificated notes. See “Book-Entry; Delivery and Form.” Accordingly, if you own a beneficial interest in a Global Note, then you will not be considered an owner or holder of the notes. Instead, DTC or its nominee will be the sole holder of each series of the notes. Payments of principal, interest and other amounts on the Global Notes will be made to the paying agent, who will remit the payments to DTC. We expect that DTC will then credit those payments to the DTC participant accounts that hold book-entry interests in the Global Notes and that those participants will credit the payments to indirect DTC participants. Unlike persons who have certificated notes registered in their names, owners of beneficial interests in the Global Notes will not have the direct right to act on our solicitations for consents or requests for waivers or other actions from noteholders. Instead, those beneficial owners will be permitted to act only to the extent that they have received appropriate proxies to do so from DTC or, if applicable, a DTC participant. The applicable procedures for the granting of these proxies may not be sufficient to enable owners of beneficial interests in the Global Notes to vote on any requested actions on a timely basis.

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, among other things, 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 control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements, and have management assess the effectiveness of those controls on an annual basis (and provide an auditor attestation of management’s assessment). 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, and are including information that may not be permitted to be presented, 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. In addition, we have included certain financial information that may not be permitted to be presented if this offering were being registered with the SEC. See “Non-GAAP Financial Measures” and “No Review by the Securities Exchange Commission.” 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 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 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."

USE OF PROCEEDS

We estimate that our gross proceeds from this offering will be approximately \$500.0 million, before deducting initial purchasers' discounts, commissions and our expenses related to this offering. We intend to use the net proceeds of this offering, together with the net proceeds from the Term B-5 Loans, to repay certain of our outstanding borrowings under our revolving credit facility, to fund the 2025 Notes Redemption and to pay fees and expenses in connection with the foregoing, with the remainder to be used for general corporate purposes including, but not limited to, funding certain acquisitions currently under letters of intent. We also plan to amend the Credit Agreement to extend the maturity date and increase the aggregate commitments under our revolving credit facility. See "Summary—The Transactions," "Summary—Recent Developments—2025 Notes Redemption" and "Capitalization."

Assuming (x) the \$75.0 million of outstanding revolving loans that will be repaid in connection with the Transactions were outstanding as of September 30, 2023 and (y) the Transactions were completed as of September 30, 2023, the following table summarizes the estimated sources and uses of the consideration in connection with the Transactions. Actual amounts will differ from these estimates. You should read the following together with the information included under the sections entitled "Summary—The Transactions," "Summary—Recent Developments—2025 Notes Redemption" and "Capitalization" elsewhere in this offering memorandum.

Sources	Amount (in millions)	Uses	Amount (in millions)
Notes offered hereby ⁽¹⁾	\$ 500.0	2025 Notes Redemption ⁽³⁾	\$ 500.0
Term B-5 Loans ⁽²⁾	\$ 500.0	Fund acquisitions under letters of intent ⁽⁴⁾	\$ 164.4
		Pay down certain revolving credit borrowings ⁽⁵⁾	\$ 75.0
		Cash to balance sheet/general corporate purposes	\$ 249.3
		Transaction fees and expenses ⁽⁶⁾	\$ 11.3
Total sources	\$ 1,000.0	Total uses	\$ 1,000.0

- (1) Represents the aggregate principal amount of the notes offered hereby and does not reflect the initial purchasers' discount, fees or commissions.
- (2) Represents the principal amount of Term B-5 Loans expected to be incurred under the term loan facilities concurrently with the closing of this offering. See "Summary—Transactions."
- (3) Represents the aggregate cash consideration to be paid in the 2025 Notes Redemption, excluding accrued and unpaid interest up to but not including the redemption date. See "Summary—The Transactions" and "Summary—Recent Developments—2025 Notes Redemption."
- (4) Represents amounts to fund acquisitions under letters of intent as of January 26, 2024 and expected to close by April 17, 2024.
- (5) Represents the aggregate amount used to repay certain borrowings outstanding under our revolving credit facility as of December 31, 2023, excluding accrued and unpaid interest thereon.
- (6) Includes estimated expenses, including initial purchasers' discounts and legal, accounting, rating agency and other fees and expenses incurred in connection with the Transactions.

As of September 30, 2023, we had \$500.0 million in aggregate principal amount of the Existing 2025 Notes outstanding. The interest rate on the Existing 2025 Notes is 7.00% and the maturity of the Existing 2025 Notes is August 15, 2025. We intend to use the proceeds from this offering to fund the 2025 Notes Redemption. Nothing contained in this offering memorandum constitutes a notice of redemption of the Existing 2025 Notes. See "Summary—The Transactions" and "Summary—Recent Developments—2025 Notes Redemption" and "Use of Proceeds."

Certain of the initial purchasers and/or certain of their respective affiliates may be lenders under our term loan credit facilities and/or revolving credit facility, or may hold a portion of our outstanding Existing 2025 Notes and therefore may receive a portion of the net proceeds from this offering. See "Plan of Distribution."

CAPITALIZATION

The following table sets forth cash and cash equivalents and total capitalization as of September 30, 2023 (1) on a historical basis, (2) on an adjusted basis, after giving effect to the 2023 Incremental Amendment, \$75.0 million of revolving borrowings after September 30, 2023 and the use of cash to fund acquisitions completed after September 30, 2023 through January 26, 2024, and (3) on an as further adjusted basis, after giving effect to the Transactions. Outstanding debt balances in the table below represent the aggregate principal amount of our existing indebtedness (without giving effect to any amortization of issue discounts or commissions). The information in this table should be read in conjunction with “Summary—Summary Historical Consolidated Financial Data,” “Use of Proceeds,” “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 September 30, 2023		
	Actual	As Adjusted	As Further Adjusted
(in thousands)			
Cash and cash equivalents ⁽¹⁾	\$ 350,538	\$ 201,069 ⁽²⁾	\$ 450,462 ⁽³⁾
Revolving credit facility ⁽⁴⁾	—	75,000	—
Term loan facilities ⁽⁵⁾	4,203,435	4,603,435	5,103,435
Notes offered hereby	—	—	500,000
Existing Notes	1,525,000	1,525,000	1,025,000
Capital lease obligations	1,066	1,066	1,066
Total debt (including current portion)	\$ 5,729,501	\$ 6,204,501	\$ 6,629,501
Total equity	\$ 2,655,796	\$ 2,655,796	\$ 2,655,796
Total capitalization	\$ 8,385,297	\$ 8,860,297	\$ 9,285,297

- (1) Our preliminary cash and cash equivalents balance at December 31, 2023 was approximately \$256.2 million.
- (2) As adjusted cash and cash equivalents reflects (x) the 2023 Incremental Amendment, (y) \$75.0 million of revolving borrowings after September 30, 2023 and (z) the use of cash to fund acquisitions completed after September 30, 2023 through January 26, 2024.
- (3) As further adjusted cash and cash equivalents reflects (x) as adjusted cash and cash equivalents, (y) use of cash to fund acquisitions currently pending under signed letters of intent and (z) use of cash to pay transaction fees and expenses. We expect to use approximately \$164.4 million from cash on hand and/or borrowings under the revolving credit facility to finance acquisitions currently pending under signed letters of intent that are expected to close by April 17, 2024. See “Use of Proceeds.”
- (4) As of September 30, 2023, we had no borrowings under our existing revolving credit facility and approximately \$414.3 million of additional borrowing capacity under our existing revolving credit facility, after giving effect to \$0.2 million in outstanding letters of credit. As of December 31, 2023, we had \$75.0 million of borrowings outstanding under our existing revolving credit facility and approximately \$339.8 million of additional borrowing capacity under our existing revolving credit facility, after giving effect to \$0.2 million in outstanding letters of credit. In connection with the Transactions, we plan to (x) repay in full outstanding borrowings under our existing revolving credit facility and (y) amend the Credit Agreement to extend the maturity date and increase the aggregate commitments under our revolving credit facility from \$415.0 million to \$600.0 million. As of September 30, 2023, on an as further adjusted basis after giving effect to the Transactions, we would have had availability of \$599.8 million under our amended revolving credit facility after giving effect to \$0.2 million in outstanding letters of credit. We expect to use approximately \$164.4 million from cash on hand and/or borrowings under the revolving credit facility to finance acquisitions currently pending under signed letters of intent that are expected to close by April 17, 2024. See “Summary—The Transactions,” “Use of Proceeds” and “Description of Certain Other Indebtedness.”
- (5) At December 31, 2023, on an as adjusted basis after giving effect to the 2023 Incremental Amendment and amortization payments made on December 31, 2023, we preliminarily had approximately \$4,591.6 million in outstanding senior secured term loans. At December 31, 2023, on an as further adjusted basis after giving effect

to the Transactions and amortization payments made on December 31, 2023, we had approximately \$5,091.6 million in outstanding senior secured term loans.

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

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

Business Organization

AssuredPartners, Inc. and its subsidiaries (the "Company") is an indirect, wholly owned subsidiary. The AssuredPartners Group LP (the "Parent") holds all issued and outstanding shares of the equity interest of the Company. The Parent acts as a holding company and its business operations are conducted through the Company.

Overview

We are one of the largest, fastest-growing full-service insurance brokers in the United States (U.S.), 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. We were the fifth largest independent Property & Casualty (P&C) insurance broker, the eleventh largest overall insurance broker in the U.S. based on 2022 revenues. We were the twelfth largest insurance broker globally based on 2021 revenues. We have a highly diversified revenue base with high revenue and producer retention rates. We offer an extensive portfolio of more than 300 products and services from more than 3,000 insurance company partnerships to over 800,000 clients.

Our product lines are:

- *Property & Casualty (P&C).* P&C products and services are comprised of a full range of insurance lines that we offer to its commercial middle-market business clients as well as school districts (Commercial P&C), which includes property, workers' compensation, surety bonds, aviation, commercial auto, and professional liability insurance. P&C coverage is offered to high-net worth individuals (Personal P&C) for significant assets such as residential property, automobiles, private aircrafts, and yachts. We work with nearly all major commercial property and casualty insurers and, for the nine months ended September 30, 2023, no carrier contributed more than 10.0% of the P&C premium. For the nine months ended September 30, 2023, Commercial P&C generated \$1.0 billion, or 54.6%, of total revenue while Personal P&C generated \$193.3 million, or 10.1%, of total revenue.
- *Employee Benefits (EB).* We place EB products and provides consulting and administrative support services on both fully insured and self-insured EB plan structures for employers of all sizes. Other ancillary benefits such as life, disability, and dental coverage, are also offered to both individuals and groups. We work with nearly all major medical and ancillary carriers, and for the nine months ended September 30, 2023, one carrier contributed more than 10.0% of the EB premium. For the nine months ended September 30, 2023, EB generated \$490.4 million, or 25.5% of total revenue.
- *Services and Other.* We offer a wide variety of services to customers in many different industries. These services include, but are not limited to, risk management, consulting, financial planning, and third-party administration. For the nine months ended September 30, 2023 services and other generated \$189.4 million, or 9.9% of total revenue.

Facts Affecting Results of Operations

Macroeconomic Risks

Since the beginning of 2022, inflation levels in the U.S. and on a global scale have steadily increased, affecting consumer goods, labor costs and energy prices, and creating continued volatility in the global capital markets. Recent strong economic data suggests continued business growth is driven by increases in US consumer disposable income and spending levels; however, the impact of higher interest rates and rising prices on consumer goods continues to be a concern. Continued strength in the U.S. labor market also creates challenges to attract and retain top talent in most U.S. businesses. The Federal Reserve is monitoring current market data and trends closely to determine if the increases in the federal funds rate over the last several years have done enough to constrict economic growth and cool inflation and recession concerns in the US. Prospects of further rate hike or reductions in the next year are somewhat mixed, due in part to the lack of a clear direction on the Federal Reserve's next moves.

Historically, we have grown due to its focus on organic revenue growth and acquisitions. We foster a strong, decentralized sales and service culture, which enables responsiveness to changing business conditions and drives accountability for results. The insurance brokerage industry generally benefits from inflation as it generally results in increases to insurance premiums over the following 12 months which in turn results in increases in commissions. We believe that insurance coverage and employee benefits are generally a non-discretionary cost of doing business for most companies, which results in relatively stable demand for insurance and employee benefits products and services and is expected to continue a trend of organic growth for the Company.

The integration of technology solutions in the insurance brokerage industry continues to be a focus for the industry. New technologies, such as artificial intelligence and big data analytics, provide companies with opportunities to identify and develop product offerings, target customers, and improve customer experiences. The integration of acquired entities requires common technologies to enhance reporting and analytic capabilities and leverage operating efficiencies for meaningful cost savings. With the increased level of hybrid work arrangements by employees, and remote access to customer data, cybersecurity concerns require the implementation of the latest electronic tools and infrastructure to ensure data privacy and security.

The placements of Silicon Valley Bank (SVB), Signature Bank (SBNY), and First Republic Bank (FRC) into receivership with the Federal Deposit Insurance Corporation (FDIC) during the first nine months of 2023 have created bank-specific and broader financial institution liquidity risk and concerns. These recent events may lead to market-wide liquidity shortages, impair the ability of companies to access near-term working capital needs, and create additional market and economic uncertainty.

We continue to monitor events that could have a material impact on its business, financial condition, and results of operations.

Industry Conditions and Premiums

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

Property and Casualty Market. P&C premium rates have historically been cyclical, based on the relative underwriting capacity and profitability 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 carriers 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 carriers 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. Due to the uncertainty of the current economic environment, we cannot predict whether rate and exposure increases will continue in the foreseeable future.

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 and 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 we were founded in 2011, it has operated in a market that has experienced a modest but steady increase in demand for group employee benefits products and services. This increased demand together with our sales initiatives for ancillary employee benefits products and services, has led to increased sales volume-based bonuses from certain carriers.

Concentration

No material part of our business depends upon a single client or on a few clients. For the nine months ended September 30, 2023, our top client accounted for approximately 1% of its commissions and fees revenue, while our top ten clients represented approximately 4% of its commissions and fees revenue. 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.

We have relationships with a diverse range of insurance carriers to mitigate its risk of carrier concentration and reduce the impact of the loss of any individual carrier on its results of operations. For the nine months ended September 30, 2023, no single carrier accounted for more than 10% of total commissions and fees revenue, with the top ten carriers in the aggregate representing approximately 29.4% of commissions and fees revenue.

Seasonality

We experience seasonal fluctuations in its revenues. Revenues are typically higher during our first and third quarters due primarily to the timing of broking-related activities. While overall revenues and the variable component of compensation expense vary quarterly, in part as a function of the foregoing, remaining compensation expense, selling expense, administrative expense and depreciation and amortization expense 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 revenue.

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 it provides to its clients, such as third-party claims administration and other risk management and consulting services.

Contingent Revenue. Under certain circumstances, we receive supplemental revenues (also known in the industry as “guaranteed supplemental commissions”) and profit-sharing contingent revenues paid by insurance carriers 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 quarterly and/or 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 payments in the first half of each year as they generally 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. 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 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. These sub-broker expenses are offset against commissions and fees revenue.

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 debt balances, as well as costs relating to acquisitions, such as transaction expenses (including legal, financing, banking, accounting, and valuation fees in connection with 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 many acquisitions, which are often structured as asset purchases. As of September 30, 2023, we have approximately \$4.1 billion of net tax-deductible goodwill and other intangible assets, which are generally amortized over a 15-year period.

Results of Operations

Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022

The following table summarizes the consolidated results of operations for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022.

	Nine Months Ended September 30,		Variance		Percent of Revenues	
	2023	2022	\$	%	2023	2022
<i>(\$ in thousands)</i>						
Revenues						
Commissions and fees	\$ 1,768,236	\$ 1,565,225	\$ 203,011	13.0%	92.0%	93.6%
Contingent revenue	152,866	106,515	46,351	43.5%	8.0%	6.4%
Total revenues	1,921,102	1,671,740	249,362	14.9%	100.0%	100.0%
Expenses						
Compensation expense	1,059,228	917,106	142,122	15.5%	55.1%	54.9%
Selling expense	32,454	28,579	3,875	13.6%	1.7%	1.7%
Administrative expense	251,468	211,774	39,694	18.7%	13.1%	12.7%
Transaction expense	10,136	2,253	7,883	349.9%	0.5%	0.1%
Increase in fair value of earn-out payables, net	20,043	53,060	(33,017)	(62.2%)	1.0%	3.2%
Depreciation and amortization expense	204,090	183,755	20,335	11.1%	10.6%	11.0%
Total operating expenses	1,577,419	1,396,527	180,892	13.0%	82.1%	83.5%
Income from operations	343,683	275,213	68,470	24.9%	17.9%	16.5%
Interest expense	(355,059)	(210,838)	(144,221)	68.4%	(18.5%)	(12.6%)
Loss on debt extinguishment	—	(4,143)	4,143	—	—	(0.2%)
Accretion on fair value of earn-out payables, net	(33,042)	(34,451)	1,409	(4.1%)	(1.7%)	(2.1%)
Other income, net	24,081	312	23,769	7618.3%	1.3%	0.0%
(Loss) income before income taxes	(20,337)	26,093	(46,430)	(177.9%)	(1.1%)	1.6%
Benefit (provision) for income taxes	778	(11,745)	12,523	(106.6%)	0.0%	(0.7%)
Net (loss) income	\$ (19,559)	\$ 14,348	\$ (33,907)	(236.3%)	(1.0%)	0.9%

Revenues

Total revenues increased by \$249.4 million, or 14.9%, from \$1.7 billion for the nine months ended September 30, 2022, to \$1.9 billion for the nine months ended September 30, 2023. The increases were primarily driven by acquisitions, organic growth, and improved sales volume-based bonuses from certain carriers.

Expenses

Compensation Expense

Compensation expense increased by \$142.1 million, or 15.5%, from \$917.1 million for the nine months ended September 30, 2022 to \$1.1 billion for the nine months ended September 30, 2023. Overall revenue growth, coupled with an increase in personnel, largely from acquired insurance agencies, resulted in increases in salary, commission, bonus, other benefits, and payroll expenses. Our producer commission rates during those periods remained consistent over the comparable periods.

Selling Expense

Selling expense increased by \$3.9 million, or 13.6%, from \$28.6 million for the nine months ended September 30, 2022, to \$32.5 million for the nine months ended September 30, 2023. These increases were primarily due to increased marketing and travel related expenses in 2023 as compared to 2022. Selling expense as a percent of revenues remained consistent over the comparable periods.

Administrative Expense

Administrative expense increased by \$39.7 million, or 18.7%, from \$211.8 million for the nine months ended September 30, 2022 to \$251.5 million for the nine months ended September 30, 2023. These increases were primarily due to an increase in our technology initiatives, computer software automation, and related expenses.

Transaction Expense

Transaction expense increased by \$7.9 million from \$2.2 million for the nine months ended September 30, 2022, to \$10.1 million for the nine months ended September 30, 2023. These increases were primarily due to larger acquisitions and transition costs that occurred in 2023 that had no comparable costs in the same period of 2022.

Increase in Fair Value of Earn-out Payables, Net

Changes in fair value of earn-out payables, net decreased by \$33.0 million, or 62.2%, from \$53.0 million for the nine months ended September 30, 2022 to \$20.0 million for the nine months ended September 30, 2023. The September 30, 2023 valuation reflects revised assumptions due to rising interest rates, increased market volatility, the stronger US dollar and projections of future performance. Additionally, increases in actual performance relative to forecasted results of underlying acquisitions subject to earn-out adjustments contributed to higher earn-out liability valuations for the nine months ended September 30, 2022 compared to 2023.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by \$20.3 million, or 11.1%, from \$183.8 million for the nine months ended September 30, 2022, to \$204.1 million for the nine months ended September 30, 2023. The increase is primarily related to amortization of acquired intangible assets and depreciation from acquired fixed assets. Also, we continue to invest in its information technology infrastructure which supports its claims management, finance, HR, sales and agency management systems and operations.

Interest Expense

Interest expense increased by \$144.2 million, or 68.4%, from \$210.8 million for the nine months ended September 30, 2022, to \$355.0 million for the nine months ended September 30, 2023. The increase is primarily attributable to interest on new debt and increases in interest rates period over period on existing debt, offset by hedge income received from swaps which concluded in Q1 2023.

Accretion on Fair Value of Earn-out Payables, Net

Accretion on fair value of earn-out payables, net decreased by \$1.4 million, or 4.1%, from \$34.4 million for the nine months ended September 30, 2022 to \$33.0 million for the nine months ended September 30, 2023. The net decrease is directly attributable to the time remaining on the Company's earn-out payables as of September 30, 2023 compared to September 30, 2022.

Other Income, Net

Other income, net increased by \$23.8 million from \$0.3 million for the nine months ended September 30, 2022, to \$24.1 million for the nine months ended September 30, 2023. The increase is primarily attributable to an increase in interest income earned on our operating cash balances as a result of rising interest rates.

Benefit (Provision) for Income Taxes

The effective tax rate for the nine months ended September 30, 2023 and 2022, was 4.0% and 45.0%, respectively. The change in the effective tax rate is primarily due to impacts of state taxes and permanent tax differences. A valuation allowance has been established against the deferred tax assets related to certain state net operating losses for which it is more likely than not that the benefit will not be realized. We evaluate the recoverability of the deferred tax assets on a regular basis based on all available positive and negative evidence.

Net (Loss) Income

Net (loss) income decreased by \$33.9 million from \$14.3 million for the nine months ended September 30, 2022 to \$(19.6) million net loss for the nine months ended September 30, 2023, due to the cumulative effect of the factors discussed above.

Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

The following tables summarize the consolidated results of operations for the year ended December 31, 2022 as compared to the year ended December 31, 2021.

(\$ in thousands)	Years Ended December 31,		Variance		Percent of Revenues	
	2022	2021	\$	%	2022	2021
Revenues						
Commissions and fees	\$ 2,052,107	\$ 1,743,436	\$ 308,671	18%	93%	94%
Contingent revenue	161,388	108,155	53,233	49%	7%	6%
Total revenues	2,213,495	1,851,591	361,904	20%	100%	100%
Expenses						
Compensation expense	1,196,369	979,950	216,419	22%	54%	53%
Selling expense	39,945	28,985	10,960	38%	2%	2%
Administrative expense	293,959	242,437	51,522	21%	13%	13%
Transaction expense	3,822	11,386	(7,564)	(66)%	0%	1%
Increase in fair value of earn-out payables, net	41,973	89,154	(47,181)	(53)%	2%	5%
Depreciation and amortization expense	251,828	215,603	36,225	17%	11%	12%
Total operating expense	1,827,896	1,567,515	260,381	17%	83%	85%
Income from operations	385,599	284,076	101,523	36%	17%	15%
Interest expense	(301,322)	(254,543)	(46,770)	18%	(14)%	(14)%
Loss on debt extinguishment	(4,143)	—	(4,143)	—	0%	0%
Accretion on fair value of earn-out payables, net	(49,037)	(16,705)	(32,332)	194%	(2)%	(1)%
Other income, net	4,764	14,079	(9,315)	(66)%	0%	1%
(Loss) income before income taxes	35,861	26,907	8,954	33%	2%	1%
Benefit (provision) for income taxes	1,671	(18,336)	20,007	(109)%	0%	(1)%
Net (loss) income	\$ 37,532	\$ 8,571	\$ 28,961	338%	2%	0%

Revenues

Total revenues increased by \$361.9 million, or 20%, from \$1.9 billion for the year ended December 31, 2021, to \$2.2 billion for the year ended December 31, 2022. The increases were primarily driven by acquisitions, organic growth, and improved sales volume-based bonuses from certain carriers.

Expenses

Compensation Expense

Compensation expense increased by \$216.4 million, or 22%, from \$979.9 million for the year ended December 31, 2021 to \$1.2 billion for the year ended December 31, 2022. Overall revenue growth, coupled with an increase in personnel, largely from acquired insurance agencies, resulted in increases in salary, commission, bonus, other benefits and payroll expenses. Our producer commission rates during those periods remained consistent over the comparable periods.

Selling Expense

Selling expense increased by \$11.0 million, or 38%, from \$28.9 million for the year ended December 31, 2021, to \$39.9 million for the year ended December 31, 2022. These increases were primarily due to increased marketing and travel related expenses in 2022 as compared to 2021 when we limited travel and related expenses as a result of the COVID-19 pandemic. Selling expense as a percent of revenues generally remained consistent over the comparable periods.

Administrative Expense

Administrative expense increased by \$51.5 million, or 21%, from \$242.4 million for the year ended December 31, 2021 to \$293.9 million for the year ended December 31, 2022. These increases were primarily due to an increase in the volume of our business as a result of acquisitions, including increases in IT related expenses, travel expenses, professional service fees, and occupancy expenses.

Transaction Expense

Transaction expense decreased by \$7.6 million, or 66%, from \$11.4 million for the year ended December 31, 2021 to \$3.8 million for the year ended December 31, 2022. These decreases were primarily due to larger acquisitions that occurred in 2021 that had no comparable costs in the same period of 2022.

Increase (Reduction) in Fair Value of Earn-out Payables, Net

Increase in fair value of earn-out payables, net decreased by \$47.2 million, or 53%, from \$89.2 million for the year ended December 31, 2021 to \$42.0 million for the year ended December 31, 2022. The December 31, 2022 valuation reflects revised assumptions due to rising interest rates, increased market volatility, the stronger US dollar and projections of future performance. Additionally, fewer acquisitions occurred during the year ended December 31, 2022 compared to December 31, 2021.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by \$36.2 million, or 17%, from \$215.6 million for the year ended December 31, 2021, to \$251.8 million for the year ended December 31, 2022. The increase is primarily related to amortization of acquired intangible assets and, to a lesser extent, depreciation from fixed assets acquired as a result of the acquisitions consummated during the period. We continue to invest in its information technology infrastructure which supports its claims management, finance, HR, and agency management systems and operations.

Interest Expense

Interest expense increased by \$46.8 million, or 18%, from \$254.5 million for the year ended December 31, 2021, to \$301.3 million for the year ended December 31, 2022. The increase is primarily attributable to interest expense associated with rising interest rates in 2022 and our incremental borrowings of \$850.0 million in February 2022 and \$500.0 million in November 2022, offset by favorable cash flows from our interest rate hedges.

Loss on Debt Extinguishment

Loss on debt extinguishment amounted to \$4.1 million for the year ended December 31, 2022. The current period loss is attributable to the write-off of previously capitalized fees for the delayed draw term loan facility which was paid off using new first lien term loan borrowings in February 2022. No other debt extinguishments occurred during the year ended December 31, 2022 and 2021, respectively.

Accretion on Fair Value of Earn-out Payables, Net

Accretion on fair value of earn-out payables, net increased by \$32.3 million, or 194%, from \$16.7 million for the year ended December 31, 2021 to \$49.0 million for the year ended December 31, 2022. The increase is

attributable to rising interest rates impacting active earnout arrangements with higher average fair values in the relative periods in 2022 compared to 2021.

Other Income, Net

Other income, net decreased by \$9.3 million, or 66%, from \$14.1 million for the year ended December 31, 2021, to \$4.8 million for the year ended December 31, 2022. The decrease is primarily attributable to a legal settlement received in 2021 that did not reoccur in 2022.

(Benefit) Provision for Income Taxes

The effective tax rate for the year ended December 31, 2022 and 2021, was (4.6)% and 68.1%, respectively. The change in the effective tax rate is primarily due to impacts of state taxes and permanent tax differences.

A valuation allowance of \$7.2 million has been established against the deferred tax assets related to certain state net operating losses for which it is more likely than not that the benefit will not be realized. We evaluate the recoverability of the deferred tax assets on a regular basis based upon all available positive and negative evidence.

Net Income

Net income increased by \$29.0 million, or 338%, from \$8.6 million for the year ended December 31, 2021 to \$37.5 million for the year ended December 31, 2022, due to the cumulative effect of the factors discussed above.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity are cash flows from operations, cash and cash equivalents on the balance sheet and funds available under our revolving credit facility and any new debt offerings. These sources of liquidity are expected to fund short-term and long-term obligations as of September 30, 2023. 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 continue to monitor the impact of the SVB, SBNY, and FRC failures. We do not hold any cash balances or have any lending agreements with SVB, SBNY, or FRC. We continue to believe it has sufficient assets and liquidity to adequately cover future obligations under its loan commitments, based on the cash balances maintained by us, continued availability under the Credit Facility, as well as ongoing principal repayments for debt service.

Cash and Cash Equivalents

As of September 30, 2023, cash and cash equivalents totaled \$350.5 million. As of September 30, 2023 we had \$414.5 million available under its revolving loan credit facility.

As an insurance broker, we collect premiums paid by clients and holds such cash, net of 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 its 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 hold trust cash in cash and money market accounts and earns an insignificant amount of investment interest income on trust cash balances during the time between receipt of the cash from clients and the time the cash is remitted to the insurance carrier. We offset any interest earned on the trust cash accounts against any fees associated with the accounts. Such cash held in trust is shown separately on the consolidated balance sheets 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 the consolidated balance sheets under the caption "Restricted cash." As of September 30, 2023, we had \$225.2 million of Trust cash and \$60.5 million of Restricted cash. \$57.8 million of the Restricted cash

balance as of September 30, 2023 is related to an appeals bond associated with the AP Keenan matter that is described further in the notes to the consolidated financial statements.

Cash Flows Provided by Operating Activities

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

Nine Months Ended September 30, 2023 and Nine Months Ended September 30, 2022. Net cash provided by operating activities was \$180.2 million for the nine months ended September 30, 2023 as compared to \$205.6 million for the nine months ended September 30, 2022. The decrease in net cash provided by operating activities was primarily the result of the year-to-date net loss and an increase in working capital, partially offset by a net increase in estimated earn-out payables.

Year Ended December 31, 2022 and Year Ended December 31, 2021. Net cash provided by operating activities was \$269.8 million for the year ended December 31, 2022 as compared to \$378.9 million for the year ended December 31, 2021. The decrease in net cash provided by operating activities was primarily the result of a decline in working capital, higher earnout payments and an increase in estimated earn-out payables. This decrease was partially offset by higher amortization costs and net income.

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 client accounts, and purchases of fixed assets.

Nine Months Ended September 30, 2023 and Nine Months Ended September 30, 2022. Net cash used in investing activities was \$566.9 million for the nine months ended September 30, 2023 as compared to \$421.6 million for the nine months ended September 30, 2022. The increase is primarily due to an increase in payments for businesses during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022.

Year Ended December 31, 2022 and Year Ended December 31, 2021. Net cash used in investing activities was \$559.0 million for the year ended December 31, 2022 as compared to \$1.4 billion for the year ended December 31, 2021. The decrease is primarily due to fewer insurance agencies being acquired in 2022 as compared to 2021, offset by an increase in capital expenditures spend.

Cash Flows (Used in) Provided by Financing Activities

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

Nine Months Ended September 30, 2023 and Nine Months Ended September 30, 2022. Net cash (used in) provided by financing activities was \$(67.4) million for the nine months ended September 30, 2023 as compared to \$445.0 million for the nine months ended September 30, 2022. The change in net cash (used in) provided by financing activities is primarily due to proceeds from issuances of debt that occurred in the nine months ended September 30, 2022 and did not reoccur in the nine months ended September 30, 2023.

Year Ended December 31, 2022 and Nine Months Ended December 31, 2021. Net cash provided by financing activities was \$895.2 million for the year ended December 31, 2022 as compared to \$540.6 million for the year ended December 31, 2021. The increase in net cash provided by financing activities is primarily due to First Lien Term Loan borrowings of \$1.3 billion in 2022 which we partially used to pay off the outstanding balances of the Delayed Draw Term Loans and the Revolver Loans and to fund acquisitions and operational activities.

Off-Balance Sheet Arrangements, Commitments and Contingencies

Other than commitments and contingencies as disclosed in Note 12 to the unaudited consolidated financial statements as of and for the nine months ended September 30, 2023, there are no material off-balance sheet arrangements, commitments or contingencies that have, or are reasonably likely to have, a current or future material effect on the our financial condition, results of operations or liquidity.

Critical Accounting Estimates

See significant accounting policies within Note 1 to the audited consolidated financial statements for the year ended December 31, 2022.

Litigation and Claims

We are subject to litigation claims that arise in the ordinary course of business. The Company evaluates these legal proceedings and claims at each balance sheet date to determine the degree of probability of an unfavorable outcome and, when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company expenses amounts for administering or litigating claims as incurred. See Note 12 to the unaudited consolidated financial statements as of and for the nine months ended September 30, 2023 for information related to litigation and claims.

New Accounting Pronouncements

See Note 1 to the unaudited consolidated financial statements as of and for the nine months ended September 30, 2023 for information related to accounting pronouncements that were recently adopted and those that have not yet been adopted.

Qualitative and Quantitative Disclosures about Market Risk

The Company is exposed to financial market risks, including changes in interest rates. Various techniques are used to manage this risk, including, from time to time, the use of derivative instruments. The Company does not use derivative financial instruments for speculative purposes.

Interest Rate Risk

The Company's exposure to interest rate changes results from its variable rate debt which includes the Company's first lien term loans and revolving loans under its senior secured credit facilities. Based on the amount of variable rate debt outstanding as of December 31, 2022 a 10% increase in the 30-day Secured Overnight Financing Rate ("SOFR") or alternative reference rate would have increased interest expense by \$14.3 million for the nine months ended September 30, 2023, before impacts of hedging. The Company's 2029 Notes, 2027 Notes and 2025 Notes are all fixed rate instruments and as such, the Company's interest payments on those Notes are not impacted by interest rate fluctuations.

The Company utilizes derivative instruments, such as interest rate swaps and caps, to hedge the Company's interest rate risk to its variable rate debt obligations. The Company believes it is prudent to limit the variability of a portion of its interest payments.

The Company entered into two pay-fixed-receive-variable interest rate swap agreements in May 2021 which expired on March 31, 2023. To hedge interest rate risk subsequent to March 31, 2023, the Company entered into an interest rate cap agreement in December 2022 with a notional value of \$3.5 billion. The interest rate cap became effective on March 31, 2023 and will expire on September 30, 2024. The interest rate cap limits the Company's exposure to increases in SOFR.

The Company performed a sensitivity analysis to assess the potential impact of hypothetical movements in interest rates on the fair value of its interest rate cap as of September 30, 2023. The sensitivity analysis, while not

predictive in nature, indicated that if SOFR increased or decreased by 10%, the fair value of the interest rate cap would increase by approximately \$4.8 million or decrease by \$3.3 million, respectively. For the nine months ended September 30, 2023, a 10% increase of hypothetical movements in SOFR would have resulted in an increase in interest expense by \$1.9 million after impacts of the interest rate cap.

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 that targets accretive acquisitions and by focusing on generating organic growth and profit margin expansion. In the United States, we were the eleventh largest insurance broker and the fifth largest independent P&C insurance broker, each based on brokerage revenues generated in 2022. We have a highly diversified revenue base with high revenue and producer retention rates. For the twelve months ended September 30, 2023, we generated total revenue of \$2,462.9 million, Standalone Adjusted EBITDA of \$847.9 million and Adjusted EBITDA of \$878.9 million. 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 (2) in “Summary—Summary Historical Consolidated Financial Data.”

We operate our business through two segments, Retail and Accretive. Our Retail segment focuses on P&C and employee benefits, with our P&C offerings including standard / admitted P&C commercial and personal lines products, and specialty product niches. Accretive focuses on specialty programs, wholesale, and MGAs and was formed from existing AssuredPartners’ businesses in 2022 to expand distribution of services, centralize expertise, and better address specialty and emerging market risks. 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, which 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, as well as regional leadership, responsible for managing the day-to-day operations of the offices within its region, identifying acquisition prospects, and integrating smaller tuck-in acquisitions. We have all the benefits of a national brokerage network, such as economies of scale, operating efficiencies and greater influence in carrier relationships, while retaining the deep local knowledge of our producers. As of September 30, 2023, we operated approximately 360 offices in 40 states across the United States, the District of Columbia, United Kingdom (“UK”), Ireland and Belgium with approximately 1,500 producers.

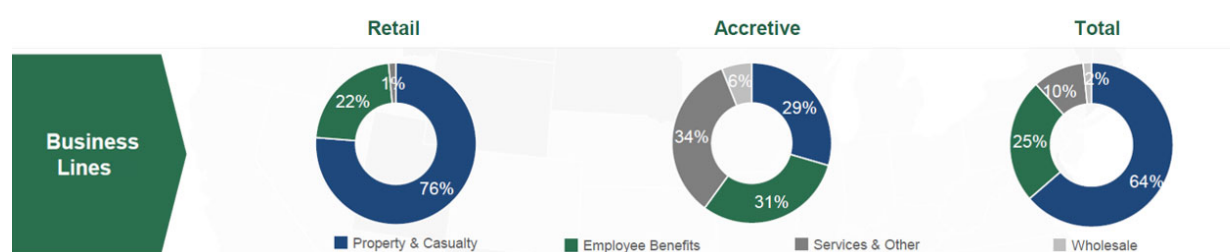
Our Products and Services

We offer an extensive portfolio of more than 300 products and services from more than 3,000 insurance company partnerships to over 800,000 clients, as of September 30, 2023. No material part of our business depends upon a single customer or on a few customers. For the nine months ended September 30, 2023, our top client accounted for approximately 1% of our total revenues, while our top ten clients represented approximately 4% of our total revenues. 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 segments are:

- *Retail:* Our Retail segment focuses on P&C and EB. P&C offerings include standard / admitted P&C commercial and personal lines products and specialty niches. We offer a full range of commercial lines products covering over 25 specialty niches. The segment consists of 12 industry and product verticals, including Agribusiness, Aerospace, Education, Real Estate, Captives, Transportation, Senior Living, Construction & Surety, Manufacturing, Government Contractor, Energy and Mergers & Acquisitions. Personal lines offerings focus on complementary products for high net worth business owners, which includes higher-end homes, secondary homes, valuable articles and yachts. EB provides end-to-end consulting and administration services for fully-insured and self-insured plans, including Brokerage, Consulting & Analytics, Communications, Employee Advocacy, and Benefits Administration. The Retail segment accounted for 73% of revenue and drove 7.2% of organic revenue growth for the nine months ended September 30, 2023 and included approximately 1,400 producers across over 300 offices.

- *Accretive:* Our Accretive segment focuses on programs, wholesale, and managing general agents (“MGAs”). This segment was formed from existing AssuredPartners’ businesses in 2022 to expand distribution of services, centralize expertise, and better address specialty and emerging market risks and is composed of 26 specialty, wholesale and MGA platforms. Accretive provides a full scope of insurance value chain intermediary capabilities and creates attractive acquisition opportunities within the highly fragmented specialty distribution and wholesale markets. Accretive also provides the ability to design new products and programs and place risks for increasingly complex client needs. The Accretive segment accounted for 27% of revenue and drove 5.2% of organic revenue growth for the nine months ended September 30, 2023 and included approximately 140 producers across over 60 offices. Producers for our Retail segment may also refer or sell products for our Accretive segment as well.

The following charts illustrate the percentage of revenues generated from each product line for the nine months ended September 30, 2023:



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. We focus 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 and strong local relationships, 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 nine months ended September 30, 2023, our top client accounted for approximately 1% of our total revenues, and our top ten clients represented approximately 4% of our total revenues. Through our revenue-generating relationships with more than 1,800 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 nine months ended September 30, 2023, no single insurance carrier represented more than 5% of our total revenue.

High Producer and Revenue Retention. Our average producer retention rate and revenue retention rate has exceeded 90% and 95%, 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 2% 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 Chairman of the Board of Directors, Randy Larsen, our Chief Executive Officer, and Paul Vredenburg, our President and Chief Operating Officer, our senior management team has considerable insurance brokerage experience, with an average of 35 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 eighteen-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 targeted over the past three years. Since 2016 to September 30, 2023, we have successfully executed and integrated 301 acquisitions of agencies and books of businesses, with annual combined revenues and Adjusted EBITDA of approximately \$1.4 billion and \$489 million, respectively, for the most recent fiscal twelve-month period prior to the date of consummation of each acquisition. The acquisitions completed from 2016 to September 30, 2023 had an attractive average upfront purchase price multiple of 10 times. We continue to pursue a robust acquisition pipeline, with signed letters of intent for 15 brokerage acquisition prospects as of January 26, 2024.

Sustained Focus on Organic Revenue Growth. Led by our Chief Revenue Officer, 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. 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. We experienced 7.2% and 5.2% organic revenue growth for the Retail and Accretive segments, respectively, with a total of 6.7% organic revenue growth, each for the twelve months ended September 30, 2023. 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.

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 \$2,462.9 million of total revenue for the twelve months ended September 30, 2023, which increased approximately 17.1% 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

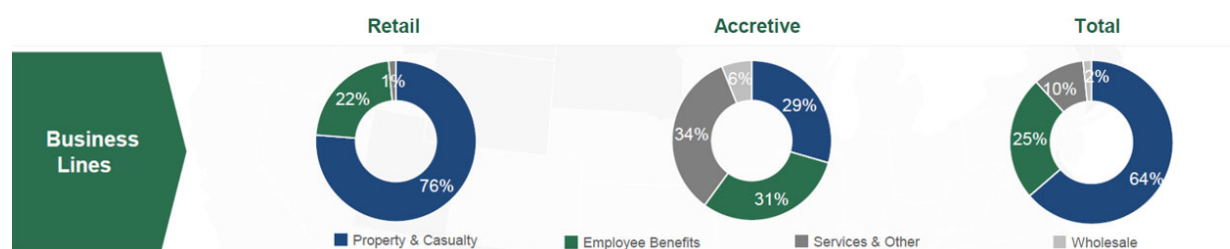
established target sales levels and operating costs across our offices and product lines. We regularly review the efficiency metrics and margins across our company to identify underperforming offices, producers and product or service lines. We also have a team of highly seasoned insurance agency operators 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.

Employees

We had approximately 9,900 employees, including approximately 1,500 producers, as of September 30, 2023. 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 a majority of 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 nine months ended September 30, 2023, our top producer accounted for approximately 1% of our total revenues and our top ten producers represented approximately 4% of our total revenues. The following chart illustrates the percentage of total revenues generated by our producers for the nine months ended September 30, 2023:



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

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

Fiduciary Funds

The handling and investment of client funds we hold in a fiduciary capacity are subject to extensive regulation and supervision. Such funds appear on our balance sheet as "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.

MANAGEMENT

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

Directors and Executive Officers	Principal Occupation or Position
Jim Henderson	Executive Chairman of the Board
Randy Larsen	Chief Executive Officer and Director
Paul Vredenburg	President, Chief Operating Officer and Director
Sean K. Smith	President and Director
Mark Hammond	Chief Financial Officer and Executive Vice President
Stan Kinnett	General Counsel, Executive Vice President and Corporate Secretary

Effective September 1, 2023, Mr. Larsen assumed the role of Chief Executive Officer while Mr. Vredenburg assumed the role of President and Chief Operating Officer. Mr. Henderson stepped down as Chief Executive Officer but will continue to serve as the Company's Executive Chairman.

Jim Henderson

Jim Henderson, Executive Chairman of the Board of Directors, has served in this capacity since stepping down as Chief Executive Officer, the position he held since founding the Company in March 2011. Mr. Henderson has over 40 years of experience in the insurance brokerage industry. Mr. Henderson began his career as a certified public accountant with Ernst & Ernst. For ten years, Mr. Henderson served as Chief Financial Officer and Executive Vice President with Ormond Reinsurance Group. From there, Mr. Henderson 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 2010.

Mr. Henderson has served on various public, private and non-profit boards, including Florida State University, 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. Mr. Henderson is a Chartered Property Casualty Underwriter, former Certified Public Accountant and earned his B.S. degree from Florida State University in Accounting and Economics.

Randy Larsen

Randy Larsen, Chief Executive Officer, joined the Company in 2012. Mr. Larsen 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 publicly traded bank, Mr. Larsen launched his insurance career at Schiffman Remley Associates ("SRA"). Mr. Larsen 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, Mr. Larsen assumed the role of President of Assured SRA, then transitioned to the Company's Western Regional President, where he oversaw the growing central states platform, currently with agencies in Minnesota, Illinois, Kansas, Missouri, Colorado, and Texas. Mr. Larsen earned his B.S. in Finance from Nebraska Wesleyan University.

Paul Vredenburg

Paul Vredenburg, President and Chief Operating Officer, partnered with Jim Henderson and Tom Riley in 2011 to form AssuredPartners. Mr. Vredenburg 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. Mr. Vredenburg 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.

Sean K. Smith

Sean Smith, President, joined the Company in connection with the acquisition of Keenan in March 2017 and serves as President of our Keenan and Accretive businesses. During his years at Keenan, Mr. Smith 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, Mr. Smith served as a major accounts manager for Anthem Blue Cross, where he handled large commercial and school clients. Mr. Smith 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. Mr. Smith graduated from the University of Redlands (California) with a Bachelor of Science degree in Political Science and Economics.

Mark Hammond

Mark Hammond, Chief Financial Officer and Executive Vice President joined the Company in 2022. Mr. Hammond began his career in 1983 in the financial services industry with Deloitte in Kansas City, Missouri, as an associate before becoming an audit partner with Deloitte. Mr. Hammond then spent over eight years at Aviva including roles as an executive in both operations and finance. For the 12 years prior to joining the Company, Mr. Hammond led Chubb, another global insurer, as Chief Financial Officer, Europe, Middle East & Africa, then as Deputy Chief Financial Officer of the global company. Mr. Hammond has a B.S. in Accounting from Kansas State University.

Stan Kinnett

Stan Kinnett, General Counsel, Executive Vice President and Corporate Secretary, joined the Company at its inception in March 2011 and has worked with Company's senior executives since 2008. Mr. Kinnett has chief responsibility for all aspects of the Company's legal department, including oversight of the Company's legal process on acquisitions. Mr. Kinnett 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. Mr. Kinnett is a licensed property and casualty insurance agent in the state of Florida and holds a designation as an accredited adviser in insurance. Mr. Kinnett 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.

SECURITY OWNERSHIP

AssuredPartners is a wholly-owned subsidiary of Holdings, Holdings in turn is a wholly-owned subsidiary of TopCo, and Topco in turn is a subsidiary of Parent. GTCR and certain of the Co-Investors (excluding HPS), Apax and current and former members of AssuredPartners' management team own, directly or indirectly, in the aggregate, approximately 48%, 25% and 27%, respectively, of Parent's outstanding common equity interests. Parent owns all of TopCo's outstanding common equity interests and HPS owns all of TopCo's outstanding preferred equity interests. Certain members of the board of managers of Parent GP (the "GP Board") 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 in place for our directors, executives, employees and other individual service providers. 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 profits interests or other equity-based awards. A portion of the awards will vest based on the attainment of specified performance goals. The equity incentive arrangements contain terms that permit, in certain instances, us or one of our affiliates to purchase the equity of an employee or individual service provider following a termination of employment of such employee and/or individual service provider, as the case may be.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transactions

Parent Organizational Documents

TopCo is a direct, wholly owned subsidiary of Parent. Certain investment entities affiliated with the Sponsors have entered 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, collectively the “Organizational Documents”), with certain current and former members of management of the Company (the “Management Investors,” and together with the Sponsors, collectively, the “Investors”).

The Organizational Documents 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. The Organizational Documents, 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 Merger (subject to certain conditions and exceptions). The Sponsors, acting together at any time or acting separately at any time after the fifth anniversary of the Merger, have 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 have pro rata preemptive rights with respect to certain equity and debt issuances by Parent.

The GP Board is composed of 12 individuals, three of whom were designated by GTCR, three of whom were designated by Apax, one of whom is the chief executive officer of TopCo, three of whom are 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 two of whom are independent managers. The two independent managers were designated by the GP Board. If a Sponsor’s ownership of common equity of Parent falls below certain ownership thresholds, then the number of managers such Sponsor is entitled to designate to the GP Board will be reduced. In any event, the Chief Executive Officer of TopCo will continue to have the right to be designated as a manager for so long as he or she, as the case may be, serves in his or her capacity as the Chief Executive Officer of TopCo. Subject to certain rights and conditions, the prior consent of both Sponsors will be required to approve certain corporate and operational matters.

The Management Investors together currently hold approximately 27% of the outstanding equity interests in Parent, and GTCR, Apax and the Co-Investors currently hold, directly or indirectly, the remaining outstanding equity interests in Parent.

Preferred Equity

In connection with the Merger, TopCo issued and sold 160,000 shares of preferred equity to HPS (the “Series A Preferred Stock”). The Series A Preferred Stock ranks 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 Series A Preferred Stock has an aggregate initial liquidation preference of \$160.0 million, or \$1,000.00 per share. Holders of the Series A Preferred Stock are 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 Series A Preferred Stock are only payable if and when declared by the board of directors of TopCo, and to the extent such dividends are not declared and paid, such dividends accrete to the liquidation preference of the Series A Preferred Stock.

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

The Series A Preferred Stock has no maturity, but TopCo will be required to repurchase the Series A Preferred Stock upon the occurrence of certain events.

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 and Purchases from Portfolio Companies of Funds Affiliated with the Sponsors

From time to time, we make sales to and purchases from 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. On May 13, 2019, we entered into a \$250.0 million delayed draw term loan facility and a new revolving credit facility with commitments in an aggregate principal amount of \$267.5 million. The delayed draw term loan facility and the revolving credit facility may be used to fund acquisitions, for working capital and other general corporate purposes. On November 25, 2019, we borrowed an incremental \$170.0 million under the term loan facility. The incremental borrowings were used to repay outstanding revolving credit loans, fund acquisitions and for general corporate purposes. On February 13, 2020, we refinanced existing term loans under the term loan facility in an aggregate principal amount of \$1.872 million and borrowed an incremental \$250.0 million under the term loan facility to repay outstanding revolving credit loans and fund acquisitions. On June 2, 2020, we borrowed an additional \$300.0 million under the term loan facility. The incremental loans were used to repay existing borrowings under the revolving credit facility, for general corporate purposes and to pay related fees and expenses. On July 6, 2021, we refinanced existing term loans under the term loan facility in an aggregate principal amount of \$297 million and borrowed an incremental \$200.75 million under the term loan facility to fund acquisitions. On October 1, 2021, we borrowed an incremental \$350.0 million under the term loan facility. The incremental borrowings were used to fund acquisitions. On February 2, 2022, we borrowed an incremental \$850.0 million under the term loan facility. The incremental borrowings were used to fund acquisitions. On November 16, 2022, we borrowed an incremental \$500.0 million under the term loan facility. The incremental borrowings were used to fund acquisitions. On November 29, 2022, we replaced the revolving credit facility with a new revolving credit facility with commitments in an aggregate principal amount of \$414.5 million. On October 6, 2023, we refinanced existing term loans under the term loan facility in an aggregate principal amount of \$495 million and borrowed an incremental \$400 million under the term loan facility to fund acquisitions.

As of September 30, 2023, our senior secured credit facilities provide, exclusive of any original issue discounts, senior secured financing of \$4,617.9 million in the aggregate, consisting of \$4,203.4 million in aggregate principal amount of senior secured term loans outstanding, maturing on February 13, 2027 and \$414.5 million revolving credit facility (which includes \$100 million of borrowing capacity available for letters of credit) maturing on August 13, 2026. As of September 30, 2023, we had \$414.3 million of additional borrowing capacity available under our revolving credit facility, without giving effect to approximately \$0.2 million of outstanding letters of credit.

Interest Rate and Fees

Borrowings of senior secured term loans (including delayed draw term loans) and the revolving credit facility under the Credit Agreement bear interest at a rate per annum equal to an applicable margin plus, at our option, either (1) a base rate determined by reference to the highest of (a) the prime rate of Bank of America, N.A., (b) the Federal Funds rate plus 0.50% and (c) the SOFR 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 SOFR rate determined by reference to the secured overnight financing rate 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 SOFR rate shall not be less than zero (or 50 basis points with respect to 2021 Term Loans, 2022 Term Loans, 2023 Loans and Revolving Credit Loans, in each case, as defined therein). The applicable margin for borrowings of senior secured term loans (including delayed draw term loans but excluding 2023 Term Loans) and the revolving credit facility under the Credit Agreement are 3.50% with respect to SOFR borrowings and 2.50% with respect to base-rate borrowings or, with respect to 2023 Term Loans, 3.75% with respect to SOFR borrowings and 2.75% 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 SOFR borrowing with an applicable interest period of three months or less, (2) every three months with respect to SOFR 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 combined twelve months ended September 30, 2023, we were not required to make any mandatory prepayments.

We may voluntarily repay outstanding loans under the term loan facility without premium or penalty (other than any call protection), other than customary “breakage” costs with respect to SOFR 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 February 13, 2027, the maturity date for the term loan facility.

Principal amounts outstanding under the revolving credit facility are due and payable in full on August 13, 2026, 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 September 30, 2023.

Amendments to the Credit Agreement Subsequent September 30, 2023 and the Proposed Credit Agreement Amendment

On October 6, 2023, we entered into that certain Nineteenth Incremental Assumption and Amendment Agreement (the “2023 Incremental Amendment”) to the Credit Agreement, pursuant to which we incurred \$400 million of incremental term loans under our term loan facility. The proceeds from such incremental borrowing were used to finance certain acquisitions, for other general corporate purposes and to pay fees and expenses incurred in connection with the foregoing.

In connection with the Transactions, we expect to amend our Credit Agreement to (i) obtain \$500.0 million of incremental term loans that will mature on the date that is seven years after the closing date thereof (such incremental term loans, the “Term B-5 Loans”), (ii) extend the maturity date of our revolving credit facility to August, 2028 (the “Extended Revolving Facility Maturity Date”); provided that if, as of November 14, 2026 (the “Springing Maturity Date”), more than \$500.0 million of the term loan facilities (other than the Term B-5 Loans) remain outstanding and have not been extended to a date on or after the Extended Revolving Facility Maturity Date, the Extended Revolving Facility Maturity Date shall instead be the Springing Maturity Date and (iii) increase the aggregate commitments under our revolving credit facility from \$414.5 million to \$600.0 million. The proceeds from the Term B-5 Loans will be utilized to repay certain of our outstanding borrowings under our revolving credit facility and pay fees and expenses in connection with the foregoing, with the remainder to be used for general corporate purposes, including to finance acquisitions. See “Summary—The Transactions,” “Summary—Recent Developments” and “Use of Proceeds.” There can be no assurance that the Credit Agreement Amendment will occur on the terms described herein or at all. The effectiveness of the Credit Agreement Amendment is not a condition to the issuance of the notes offered hereby.

Existing Notes

Existing 2027 Notes

On May 13, 2019, AssuredPartners issued \$475.0 million in aggregate principal amount of the Existing 2027 Notes, which mature on May 15, 2027. The Existing 2027 Notes bear interest at a rate of 8.00% payable semiannually in arrears on May 15 and November 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 2027 Notes on a senior unsecured basis.

The Existing 2027 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 2027 Notes at the option of the holders at 101% of their face amount, plus accrued and unpaid interest, if any.

Prior to May 15, 2022, the Existing 2027 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 May 15, 2022, under certain circumstances, AssuredPartners may also redeem up to 40% of the aggregate principal amount of the Existing 2027 Notes at a redemption price of 108.00% of the principal amount of the Existing 2027 Notes, together with accrued and unpaid interest, if any, to, but excluding, the date of redemption. Beginning on May 15, 2022, the Existing 2027 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 May 15 of each of the years set forth below:

<u>Year</u>	<u>Percentage</u>
2022	104.00%
2023	102.00%
2024 and thereafter	100.00%

The Existing 2027 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 2027 Indenture. Events of default under the Existing 2027 Indenture include, among others, non-payment of principal or interest when due, covenant defaults, bankruptcy and insolvency events and cross defaults.

Existing 2029 Notes

On December 10, 2020, AssuredPartners issued \$550.0 million in aggregate principal amount of the Existing 2029 Notes, which mature on January 15, 2029. The Existing 2027 Notes bear interest at a rate of 5.625% payable semiannually in arrears on January 15 and July 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 2029 Notes on a senior unsecured basis.

The Existing 2029 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 2029 Notes at the option of the holders at 101% of their face amount, plus accrued and unpaid interest, if any.

Prior to December 15, 2023, the Existing 2029 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 December 15, 2023, under certain circumstances, AssuredPartners may also redeem up to 40% of the aggregate principal amount of the Existing 2027 Notes at a redemption price of 105.625% of the principal amount of the Existing 2029 Notes, together with accrued and unpaid interest, if any, to, but excluding, the date of redemption. Beginning on December 15, 2023, the Existing 2029 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 December 15 of each of the years set forth below:

<u>Year</u>	<u>Percentage</u>
2023	102.813%
2024	101.406%
2025 and thereafter	100.000%

The Existing 2029 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 2029 Indenture. Events of default under the Existing 2029 Indenture include, among others, non-payment of principal or interest when due, covenant defaults, bankruptcy and insolvency events and cross defaults.

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 terms “AssuredPartners” and “Issuer” refer to AssuredPartners, Inc., a Delaware corporation and a wholly-owned subsidiary of Holdings, and not any of its Subsidiaries, (iii) the term “Parent” refers to GTCR (AP) Holdings LP, a Delaware limited partnership, and not any of its Subsidiaries, (iv) the term “TopCo” refers to Dolphin TopCo, Inc., a Delaware corporation and direct parent of Holdings, and not any of its Subsidiaries, and (v) the term “Holdings” refers to Dolphin Midco, Inc., a Delaware corporation and wholly-owned subsidiary of TopCo, and not any of its Subsidiaries.

The Issuer will issue \$500,000,000 aggregate principal amount of % Senior Notes due 2032 (the “Notes”) pursuant to an indenture, to be dated as of the Issue Date (as amended and supplemented from time to time, the “Indenture”), among the Issuer, the Guarantors and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. See “Notice to Investors.” The terms of the Notes will include the terms stated in the Indenture 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.”

Brief Description of the Notes

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

- rank senior in right of payment to any future Subordinated Indebtedness of the Issuer;
- without giving effect to collateral arrangements, rank *pari passu* in right of payment with all existing and future Senior Indebtedness of the Issuer, including the Senior Credit Facility Obligations and the Obligations of the Issuer under the Existing Notes and the Existing Notes Indentures;
- 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 initially guaranteed on a joint and several and senior unsecured basis by each Restricted Subsidiary of the Issuer that guarantees the Senior Credit Facilities, and, in the future, all Wholly-Owned Restricted Subsidiaries that are Domestic Subsidiaries and that will guarantee the Senior Credit Facilities, the Existing Notes and certain other specified debt as described below under “—Certain Covenants—Additional Note Guarantees”; and
- be structurally subordinated to all existing and future Indebtedness and other liabilities of Subsidiaries of the Issuer that are not Guarantors, other than Indebtedness and liabilities owed 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 certain capital markets debt securities of the Issuer or any other Guarantor, will, subject to certain exceptions, guarantee the Notes. On the Issue Date, 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 any future Subordinated Indebtedness of such Guarantor;
- without giving effect to collateral arrangements, rank *pari passu* in right of payment with all existing and future Senior Indebtedness of such Guarantor, including its guarantee of the Senior Credit Facility Obligations and its guarantee of the Obligations of the Issuer under the Existing Notes and the Existing Notes Indentures;
- 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. On an as further adjusted basis after giving 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 twelve months ended September 30, 2023 and would have accounted for an immaterial portion of the Issuer's consolidated total assets and total liabilities, in each case, as of September 30, 2023.

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—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 under its Note Guarantee could be reduced to zero. See "Risk Factors—Risks Related to the Notes and our Indebtedness—The note guarantees may not be enforceable 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, issuance, transfer or other disposition (by merger, consolidation, amalgamation, dividend, distribution or otherwise) of (i) the Capital Stock of such Guarantor (including any sale, exchange or transfer), after which such Guarantor is no longer a Restricted Subsidiary or (ii) all or substantially all of the assets of such Guarantor, in each case, if such sale, exchange, issuance, transfer or other disposition is not prohibited by the applicable provisions of the Indenture;

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

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

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

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

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

(g) upon the occurrence of a Covenant Suspension Event; *provided that*, (i) such Note Guarantee shall not be released pursuant to this clause (g) 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 Indentures, 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 September 30, 2023, on an as further adjusted basis after giving effect to the Transactions, the Issuer and the Guarantors would have had:

- \$5,103.4 million of Secured Indebtedness under our term loan facility, including the Senior Credit Facility Obligations, with \$599.8 million of unused revolving availability under the Senior Credit Facilities (after giving effect to \$0.2 million of letters of credit outstanding); and
- \$1,525.0 million of unsecured Senior Indebtedness (including the Existing Notes and the Notes).

As of September 30, 2023, on an as further adjusted basis after giving 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" and "Risk Factors—Risks Related to the Notes and our Indebtedness—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 \$500,000,000. The Notes will mature on _____, 2032.

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 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 _____, 2024, 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 _____, 2027.

At any time prior to _____, 2027, 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 _____, 2027, 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:

<u>Year</u>	<u>Percentage</u>
2027	%
2028	%
2029 and thereafter	100.00%

In addition, prior to _____, 2027, 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 (including an Asset Sale Offer or Advance Offer), if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third-party 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 (including an Asset Sale Offer or Advance Offer), Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

The Trustee or the applicable depositary shall select the Notes to be redeemed in the manner described under “—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 until the close of business on the tenth Business Day after the date such notice is sent for such later time and date as the Issuer may decide in its sole discretion (such time and date, the “*withdrawal deadline*”), Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the paying agent receives, not later than withdrawal deadline, an electronic transmission (in PDF), facsimile transmission or letter or otherwise in accordance with the procedures of DTC setting forth the name of the Holder of the Notes, the principal amount of Notes tendered

for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;

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

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

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

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

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

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

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

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

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

The Senior Credit Facilities provide, and any future credit agreements or other agreements relating to Indebtedness to which 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 Indentures 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 Indentures, 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 Indentures, 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 (including, for the avoidance of doubt, an Alternate Offer) in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer (including, for the avoidance of doubt, an Alternate Offer) may be made in advance of a Change of Control, conditional upon such Change of Control and such other conditions specified therein, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

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

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third-party approved in writing by the Issuer making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third-party will have the right, upon not less than 10 nor more than 60 days’ prior notice (except that such notice may be delivered or mailed more than 60 days prior to the Redemption Date or purchase date if the notice is subject to one or more conditions precedent as described under “—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 or Alternate Offer, as applicable, Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer, Change of Control Offer or Alternate Offer, as applicable.

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

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

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 May 13, 2019 (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 later of (A) the date of any Asset Sale and (B) the receipt of any Net Proceeds from any Asset Sale (the “*Asset Sale Proceeds Application Period*”), the Issuer or such Restricted Subsidiary, at its option, may apply an amount equal to 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 “*Declined Proceeds*”), the Issuer may include any remaining Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) as Declined Proceeds, and use such Declined Proceeds 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 applicable paying agent, upon determination by the Issuer of the aggregate principal amount to be selected, 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. The Issuer (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Proceeds attributable to any given Asset Sale (provided that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Sale, execution of a definitive agreement for the relevant Asset Sale and consummation of the relevant Asset Sale) and deem the amount so invested to be applied pursuant to and in accordance with the second paragraph of this covenant with respect to such Asset Sale.

For purposes of clause (2) of the first paragraph of this covenant (and no other provision), the following shall be deemed to be cash 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) the amount of any trade-in value applied to the purchase price of any replacement assets acquired in connection with such Asset Sale;

(3) 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

(4) 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) \$500.0 million and (y) 5.0% of Total Assets at the time of contractually agreeing to such Asset Sale.

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

To the extent that the provisions of any securities laws or regulations, including Rule 14e-1 under the Exchange Act, 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, or provide notice to the holders of Notes of any Covenant Suspension Event or Reversion Date.

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 Acquisition) 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 Acquisition, (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 each of the Existing Notes Indentures 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 Indentures 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 Acquisition) 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 each of the Existing Notes Indentures; 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 Acquisition) 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 each of the Existing Notes Indentures, (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 Acquisition) 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 Acquisition) 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) \$285.0 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 Acquisition); *provided, however*, that the aggregate Restricted Payments made under this clause (4) do not exceed in any calendar year the greater of (x) \$95.0 million and (y) 10% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (which shall increase to the greater of (x) \$190.0 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 the Existing Notes Indentures *less* any Restricted Payments made after August 2, 2017 and prior to the Issue Date under Section 10.10(b)(4) of each of the Existing Notes Indentures)); *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 each of the Existing Notes Indentures; *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 Acquisition) 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 each of the Existing Notes Indentures;

(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 \$285.0 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 Acquisition 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 Acquisition 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.

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 from time to time 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) \$380.0 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) \$5,691,635,000 plus (b) the greater of (x) \$950.0 million and (y) 100% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period plus (c) an additional amount, if after giving *pro forma* effect to the incurrence of such additional amount and the application of the proceeds therefrom, the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period would be no greater than 5.25 to 1.00; *provided* that for purposes of determining the amount that may be incurred under this clause (1)(c), all Indebtedness incurred under this clause (1)(c) shall be deemed to be included in clause (1) of the definition of "Consolidated Secured Debt Ratio;"

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by (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) \$285.0 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 Acquisition 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 Acquisition, 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 each of the Existing Notes Indentures, 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 each of the Existing Notes Indentures 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) \$475.0 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;

(b) (i) the Issuer would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Consolidated Total Debt Ratio test set forth in the first paragraph of this covenant or (ii) the Consolidated Total Debt Ratio of the Issuer for the Applicable Measurement Period is equal to or less than immediately prior to such Investment, acquisition, merger, amalgamation or consolidation; or

(c) (i) the Issuer would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Consolidated Secured Debt Ratio test set forth in the first paragraph of this covenant or (ii) the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period is equal to or less than immediately prior to such Investment, acquisition, merger, amalgamation or consolidation; *provided*, all Indebtedness incurred under this clause (c) shall be deemed to be Consolidated Secured Debt;

provided, however, that on a *pro forma* basis, the Indebtedness, Disqualified Stock or Preferred Stock incurred or issued by Restricted Subsidiaries that are not Guarantors pursuant to clause (14)(x), together with amounts incurred and outstanding pursuant to the second proviso to the first paragraph of this covenant by Restricted Subsidiaries that are not Guarantors and all outstanding amounts of Indebtedness under clause (13) incurred to refinance Indebtedness initially incurred in reliance on either clause (14)(x) or pursuant to such second proviso, shall not exceed, at the time of such incurrence or issuance, the greater of (A) \$380.0 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) \$475.0 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 Acquisition) 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 Acquisition, any Investment or any acquisition (by merger, consolidation or amalgamation or otherwise) permitted under the Indenture or Indebtedness arising pursuant to any Permitted Change of Control and related transactions;

(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) \$237.5 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 from time to time 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;

(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; and

(4) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness incurred to refinance Indebtedness initially incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA of the Issuer for the Applicable Measurement Period or the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period at the time of incurrence, if such refinancing would cause the percentage of Consolidated EBITDA of

the Issuer for the Applicable Measurement Period restriction or the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period restriction, as applicable, to be exceeded if calculated based on the percentage of Consolidated EBITDA of the Issuer for the Applicable Measurement Period or the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period, as applicable, on the date of such refinancing, such percentage of Consolidated EBITDA of the Issuer for the Applicable Measurement Period restriction or the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period restriction, as applicable, shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing.

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. Any Indebtedness, Disqualified Stock or Preferred Stock incurred to refinance Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to clauses (1) and (12)(b) of the second paragraph of this covenant shall be permitted to include additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay accrued but unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including upfront fees, original issue discount or similar fees) incurred in connection with such refinancing.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, Disqualified Stock or Preferred Stock, the U.S. dollar-equivalent principal amount of Indebtedness or liquidation preference of Disqualified Stock or Preferred Stock denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness, Disqualified Stock or Preferred Stock was deemed to be incurred (or, in the case of revolving credit debt, first committed) for purposes of this covenant; *provided* that if such Indebtedness, Disqualified Stock or Preferred Stock is incurred to refinance other Indebtedness, Disqualified Stock or Preferred Stock denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness or the liquidation preference of such Disqualified Stock or Preferred Stock does not exceed the principal amount of such Indebtedness or the liquidation preference of such Disqualified Stock or such Preferred Stock being refinanced *plus* the aggregate amount of accrued but unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including upfront fees, original issue discount or similar fees) incurred in connection with such refinancing.

The principal amount of any Indebtedness or the liquidation preference of any Disqualified Stock or Preferred Stock incurred to refinance other Indebtedness, Disqualified Stock or Preferred Stock, if incurred in a different currency from the Indebtedness, Disqualified Stock or Preferred Stock being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness, Disqualified Stock or Preferred Stock is denominated that is in effect on the date of such refinancing.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because such Indebtedness is unsecured or (2) Indebtedness as subordinated or junior to any other Indebtedness solely because such Indebtedness has a junior priority with respect to shared collateral or because it is guaranteed by other obligors.

Limitation on Liens

The Issuer will not, and will not permit any Guarantor to, directly or indirectly, create, incur or assume any Lien (except Permitted Liens) (each, a “*Subject Lien*”) that secures Obligations under any Indebtedness on any asset or property of the Issuer or any Guarantor, unless the Notes (or the related Note Guarantee in the case of Liens on assets or property of a Guarantor) are equally and ratably secured with (or, at the Issuer’s option or if such Subject Lien secures Subordinated Indebtedness, on a senior basis to) the Obligations secured by such Subject Lien.

Any Lien created for the benefit of the Holders pursuant to the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Subject Lien that gave rise to the obligation to secure the Notes. In addition, in the event that a Subject Lien is or becomes a Permitted Lien, the Issuer may, at its option and without consent from any Holder, elect to release and discharge any Lien created for the benefit of the Holders pursuant to the preceding paragraph in respect of such Subject Lien.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “*Increased Amount*” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Merger, Consolidation, Amalgamation or Sale of All or Substantially All Assets

The Issuer will not merge, consolidate or amalgamate with or into or wind up into, consummate a Division as the Dividing Person (whether or not the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, taken as a whole, in one or more related transactions, to any Person unless:

(a) the Issuer is the surviving Person or the Person formed by or surviving any such merger, consolidation, amalgamation, winding up or Division (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability company, trust or other entity organized or existing under the laws of the United States, any state thereof or the District of Columbia (the Issuer or such Person, as the case may be, being herein called the “*Successor Company*”); *provided that* in the case where the Successor Company of the Issuer is not a corporation, a co-issuer of the Notes is a corporation;

(b) the Successor Company (if other than the Issuer) expressly assumes all of the obligations of the Issuer under the Indenture and the Notes, in each case, pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(c) immediately after such transaction, no Event of Default exists;

(d) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the Applicable Measurement Period,

(1) the Successor Company would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to either (x) the Fixed Charge Coverage Ratio test or (y) the Consolidated Total Debt Ratio test, in each case, set forth in the first paragraph of the covenant described under “—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” or

(2) either (x) the Fixed Charge Coverage Ratio or (y) the Consolidated Total Debt Ratio, in each case, for the Applicable Measurement Period immediately after such transaction would be equal to or greater than the Fixed Charge Coverage Ratio or equal to or less than the Consolidated Total Debt Ratio, as applicable, of the Issuer for the Applicable Measurement Period immediately prior to such transaction; and

(e) the Successor Company shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such merger, consolidation, amalgamation, winding up, Division, sale, assignment, transfer, lease, conveyance or disposition and such supplemental indentures or other documents or instruments, if any, comply with the Indenture.

The Successor Company will succeed to and be substituted for the Issuer under the Indenture and the Notes, and the Issuer will automatically be released and discharged from its obligations under the Indenture and the Notes. Notwithstanding the foregoing clauses (c) and (d),

(a) any Restricted Subsidiary may merge, consolidate or amalgamate with or into, wind up into or consummate a Division as the Dividing Person or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to the Issuer or any Restricted Subsidiary, and

(b) the Issuer may merge, consolidate or amalgamate with or into or wind up into an Affiliate of the Issuer or consummate a Division as the Dividing Person solely for the purpose of reincorporating the Issuer in the United States, any state thereof or the District of Columbia.

Subject to the provisions described in the Indenture governing release of a Note Guarantee, no Guarantor will, and the Issuer will not permit a Guarantor to, merge, consolidate or amalgamate with or into or wind up into, consummate a Division as the Dividing Person (whether or not the Issuer or a Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) such Guarantor is the surviving Person or the Person formed by or surviving any such merger, consolidation, amalgamation, winding up or Division (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability company, trust or other entity organized or existing under the laws of the jurisdiction of organization of such Guarantor or the laws of the United States, any state 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) \$47.5 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) \$95.0 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) or any Permitted Investment;

(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 Acquisition;

(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 Acquisition 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 Acquisition;

(8) to the extent permitted under clause (13)(b) of the covenant “—Limitation on Restricted Payments,” payments by the Issuer and any Parent Entity and their respective Subsidiaries pursuant to tax sharing agreements among the Issuer and any Parent Entity and their respective Subsidiaries on customary terms;

(9) the Acquisition and the payment of all fees and expenses related to the Acquisition (including loans and advances pursuant to clauses (15) and (16) of the definition of “Permitted Investments”), including the Acquisition Expenses, and transactions related to a Permitted Change of Control and the payment of Permitted Change of Control Costs 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;

(21) payments to and from, and transactions with, any joint ventures entered into in the ordinary course of business or consistent with past practice (including, without limitation, any cash management activities related thereto);

(22) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary; provided that such transaction was not entered into in anticipation of such Unrestricted Subsidiary becoming or being redesignated as a Restricted Subsidiary; and

(23) transactions undertaken in good faith (as certified by a responsible financial or accounting officer of the Issuer in an Officer's Certificate) for the purposes of improving the consolidated tax efficiency of the Issuer and its Subsidiaries and not for the purpose of circumventing any covenant set forth in the Indenture.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary that is not a Guarantor to:

(1) (i) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries that is a Guarantor on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or (ii) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries that is a Guarantor;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries that is a Guarantor; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries that is a Guarantor, except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Credit Facilities, the Existing Notes Indentures, 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 this Offering Memorandum and derived from such financial information, and (z) with respect to the annual financial statements only, a report on the annual financial statements by the Issuer’s independent 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 or dispositions that are “significant” at the 20% or greater level pursuant to clauses (1) and (2) of the definition of “Significant Subsidiary” under Rule 1-02 of Regulation S-X only), 2.05, 2.06, 4.01, 4.02, 5.01, 5.02(b) (with respect to the principal executive officer, president, principal financial officer, principal accounting officer and principal operating officer only) and 5.02(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 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 such other rule or regulation that amends, supplements or replaces such Rule 3-10, including for the avoidance of doubt, Rules 13-01 or 13-02 of Regulation S-X promulgated by the SEC) or contain any financial statements of unconsolidated Subsidiaries or 50% or less owned Persons under Rule 3-09 of Regulation S-X (or such other rule or regulation that amends, supplements or replaces such Rule 3-09) or any schedules required by Regulation S-X or contain separate financial statements for the Issuer, the Guarantors or other Affiliates the shares of which are pledged to secure the Notes or any Guarantee that would be required under Rule 3-10 of Regulation S-X or Rule 3-16 of Regulation S-X promulgated by the SEC (or such other rule or regulation that amends, supplements or replaces such Rule 3-10 or Rule 3-16, including for the avoidance of doubt, Rules 13-01 and 13-02 of Regulation S-X promulgated by the SEC), (iii) in no event shall such information and reports be required to comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-GAAP financial measures contained therein, (iv) in no event shall such information and reports be required to include any information that is not otherwise similar to information currently included in this Offering Memorandum, other than information specifically required under clause (2) above and in accordance with this proviso, or to contain any “segment reporting” or any earnings per share information, (v) no such information and reports referenced under clause (2) above shall be required to be furnished if the Issuer determines in its good faith judgment that such event is not material to the Holders or the business, assets, operations or financial position of Issuer and its Restricted Subsidiaries, taken as a whole, (vi) trade secrets and other information that would cause competitive harm to the Issuer and its Restricted Subsidiaries may be excluded from disclosures and (vii) in no event shall any such reports be required to include any exhibits required by Item 15 of Form 10-K, Item 6 of Form 10-Q or Item 9.01 of Form 8-K.

All such annual information and reports shall be furnished within 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.

Notwithstanding any other provision of the Indenture, the sole remedy for an Event of Default relating to the failure to comply with the reporting obligations described under this covenant, will for the 365 days after the occurrence of such Event of Default consist exclusively, to the extent permitted by applicable law, of the right to receive additional interest on the principal amount of the Notes at a rate equal to 0.50% per annum. This additional interest will be payable in the same manner and subject to the same terms as other interest payable under the Indenture. This additional interest will accrue on all outstanding Notes from and including the date on which an Event of Default relating to a failure to comply with the reporting obligations described above this covenant first occurs to, but excluding the 365th day thereafter (or such earlier date on which the Event of Default relating to such reporting obligations is cured or waived). If the Event of Default resulting from such failure to comply with the reporting obligations is continuing on such 365th day, such additional interest will cease to accrue and the Notes will be subject to the other remedies provided under the heading “—Events of Default and Remedies.”

Any Parent Entity may satisfy the obligations of the Issuer set forth in this “Reports and Other Information” covenant by providing the requisite financial and other information of such Parent Entity instead of the Issuer; *provided* that to the extent such Parent Entity holds assets (other than its direct or indirect interest in the Issuer) that exceeds the lesser of (i) 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.

In addition to the foregoing, the Issuer may otherwise elect to have any Restricted Subsidiary of the Issuer become a Guarantor, in which case such Restricted Subsidiary shall not be required to comply with the 30 day-period described in the immediately preceding paragraph.

Each Note Guarantee shall be released in accordance with the provisions of the Indenture described under “Note Guarantees.”

Events of Default and Remedies

Each of the following events is an “*Event of Default*” with respect to the Notes under the Indenture:

- (1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes;
- (2) default for 30 days or more in the payment when due of interest on or with respect to the Notes;
- (3) failure by the Issuer or any Restricted Subsidiary for 60 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in aggregate principal amount of the Notes then outstanding (with a copy to the Trustee) to comply with any of its obligations, covenants or agreements (other than a default referred to in clauses (1) or (2) above) contained in the Indenture or the Notes; *provided* that in the case of a failure to comply with the Indenture provisions described under “—Reports and Other Information,” such period of continuance of such default or breach shall be 180 days after written notice described in this clause (3) has been given;
- (4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its 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) \$142.5 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) \$142.5 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. However, a Default under clause (3), (4) or (5) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes notify the Company of the Default and, with respect to clauses (3) and (5), the Company does not cure such Default within the time specified in clause (3) or (5) of this paragraph after receipt of such notice; *provided* that a notice of Default may not be given with respect to any action taken, and reported publicly or to Holders, more than two years prior to such notice of Default.

Upon the effectiveness of such declaration, such principal and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section, the principal of and interest on all outstanding Notes will become due and payable without further action or notice. If a Default occurs and is continuing and is actually known to the Trustee, the Trustee must send to each

Holder notice of the Default within 90 days after it is known to the Trustee. The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it in good faith determines that withholding notice is in their interest. In addition, the Trustee shall have no obligation to accelerate the Notes if in the reasonable judgment of the Trustee acceleration is not in the best interest of the Holders. Any time period to cure any actual or alleged Default or Event of Default may be extended or stayed by a court of competent jurisdiction.

The Indenture will provide that the Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture with respect to the Notes (except a continuing Default or Event of Default in the payment of interest on, premium, if any, or the principal of any Note held by a non-consenting Holder) and rescind any acceleration and its consequences with respect to the Notes; *provided* such rescission would not conflict with any judgment of a court of competent jurisdiction.

In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

- (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged; or
- (2) the requisite holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) the default that is the basis for such Event of Default has been cured.

Subject to the provisions of the Indenture relating to the duties of the Trustee thereunder, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless the Holders have offered to the Trustee indemnity or security reasonably satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Notes or the Indenture unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 30% in aggregate principal amount of the total outstanding Notes have requested the Trustee in writing to pursue the remedy;
- (3) Holders have offered and, if requested, provided to the Trustee indemnity or security reasonably satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and
- (5) Holders of a majority in aggregate principal amount of the total then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

These limitations do not apply, however, to a suit instituted by a Holder of a Note for the enforcement of payment of the principal of, premium, if any, or interest on such note on or after the respective due date expressed in such Note.

Any notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action (a “*Noteholder Direction*”) provided by any one or more Holders (each a “*Directing Holder*”) must be accompanied by a written representation from each such Holder to the Issuer and the Trustee that such Holder is not (or, in the case such Holder is DTC or its nominee, that such Holder is being instructed

solely by beneficial owners that are not) Net Short (a “*Position Representation*”), which representation, in the case of a Noteholder Direction relating to a notice of Default shall be deemed repeated at all times until the resulting Event of Default is cured or otherwise ceases to exist or the Notes are accelerated. In addition, each Directing Holder must, at the time of providing a Noteholder Direction, covenant to provide the Issuer with such other information as the Issuer may reasonably request from time to time in order to verify the accuracy of such Holder’s Position Representation within five Business Days of request therefor (a “*Verification Covenant*”). In any case in which the Holder is DTC or its nominee, any Position Representation or Verification Covenant required hereunder shall be provided by the beneficial owner of the Notes in lieu of DTC or its nominee.

If, following the delivery of a Noteholder Direction, but prior to the acceleration of the Notes, the Issuer determines in good faith that there is a reasonable basis to believe that a Directing Holder was, at any relevant time, in breach of its Position Representation and provides to the Trustee an Officer’s Certificate stating that the Issuer has initiated litigation in a court of competent jurisdiction seeking a determination that such Directing Holder was, at such time, in breach of its Position Representation, and seeking to invalidate any Event of Default that resulted from the applicable Noteholder Direction, the cure period with respect to such Default shall be automatically stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter. If, following the delivery of a Noteholder Direction, but prior to the acceleration of the Notes, the Issuer provides to the Trustee an Officer’s Certificate that a Directing Holder failed to satisfy its Verification Covenant, the cure period with respect to such Default shall be automatically stayed and the cure period with respect to any Event of Default that resulted from the applicable Noteholder Direction shall be automatically reinstituted and any remedy stayed pending satisfaction of such Verification Covenant. Any breach of the Position Representation shall result in such Holder’s participation in such Noteholder Direction being disregarded; and, if, without the participation of such Holder, the percentage of the Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction, such Noteholder Direction shall be void *ab initio*, with the effect that such Event of Default shall be deemed never to have occurred, acceleration voided and the Trustee shall be deemed not to have received such Noteholder Direction or any notice of such Default or Event of Default.

Notwithstanding anything in the preceding two paragraphs to the contrary, any Noteholder Direction delivered to the Trustee during the pendency of an Event of Default as the result of a bankruptcy or similar proceeding shall not require compliance with the foregoing paragraph.

For the avoidance of doubt, the Trustee shall be entitled to conclusively rely on any Noteholder Direction delivered to it in accordance with the Indenture, shall have no duty to inquire as to or investigate the accuracy of any Position Representation, enforce compliance with any Verification Covenant, verify any statements in any Officer’s Certificate delivered to it, or otherwise make calculations, investigations or determinations with respect to Derivative Instruments, Net Shorts, Long Derivative Instruments, Short Derivative Instruments or otherwise. The Trustee shall have no liability to the Issuer, any Holder or any other Person in acting in good faith on a Noteholder Direction.

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 (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such 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, 2024), an Officer’s Certificate indicating whether the signer of the certificate knows of any failure by the Issuer and its Restricted Subsidiaries to comply with all conditions and covenants of the Indenture during such fiscal year. In addition, the Issuer is required, within 30 days (or 180 days, if with respect to a Default under “—Reports and Other Information”) upon becoming aware of any Default to deliver to the Trustee a statement specifying such Default (unless such Default has been cured or waived within such 30-day or 180-day time period, as applicable).

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (such other default, the “*Initial Default*”) occurs, then at the time such Initial Default

is cured, the Default for a failure to report or failure to deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed under “—Reports and Other Information” or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture. Any time period in the Indenture to cure any actual or alleged Default or Event of Default may be extended or stayed by a court of competent jurisdiction.

No Personal Liability of Directors, Managers, Officers, Employees and Stockholders

No past, present or future director, manager, officer, employee, incorporator, member, partner or stockholder of the Issuer or any Guarantor or any of their parent companies or entities (other than the Issuer in respect of the Notes and each Guarantor in respect of its Guarantee) shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Note Guarantees or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The obligations of the Issuer and the Guarantors under the Indenture and the Notes or the Note Guarantees, as the case may be, will terminate (other than certain obligations) and will be released upon payment in full of all of the Notes issued under the Indenture. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Notes and have each Guarantor’s obligation discharged with respect to its Note Guarantee (“*Legal Defeasance*”) and cure all then existing Events of Default except for:

- (1) the rights of Holders of Notes to receive payments in respect of the principal of, premium, if any, and interest on the Notes when such payments are due solely out of the trust created pursuant to the Indenture;
- (2) the Issuer’s obligations with respect to Notes concerning issuing temporary Notes, registration of such Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer’s obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and those of each Guarantor released with respect to substantially all of the restrictive covenants that are described in the Indenture, the Notes or the Note Guarantees, as the case may be, (“*Covenant Defeasance*”), and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Issuer) described under “Events of Default and Remedies” will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes:

- (1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts (including scheduled payments thereon) as will be sufficient, in the opinion of an Independent Financial Advisor, to pay the principal of, premium, if any, and interest due on the Notes on the stated maturity date or on the Redemption Date, as the case may be, of such principal, premium, if any, or interest on such Notes and the Issuer must specify whether such Notes are being defeased to maturity or to a particular Redemption Date; *provided*, that upon any redemption that requires the payment of the Applicable Premium, the amount

deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of redemption (any such amount, the “*Applicable Premium Deficit*”) only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit shall be set forth in an Officer’s Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions,

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

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

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness, and, in each case the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or material instrument (other than the Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(6) the Issuer shall have delivered to the Trustee an Officer’s Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

(7) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes when:

(1) either:

(a) all Notes theretofore authenticated and delivered (except mutilated, destroyed, lost or stolen Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust) have been delivered to the Trustee for cancellation; or

(b) (w) all Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable by reason of the making of a notice of redemption or otherwise, (ii) will become due and payable within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer;

(x) the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders of the Notes, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in an amount (including scheduled payments thereon) sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and accrued interest to the date of such deposit (in the case of Notes which have become due and payable) or to the date of maturity or redemption, as the case may be; provided, that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any Applicable Premium Deficit only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption; and

(y) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or the Redemption Date, as the case may be.

(2) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and

(3) the Issuer has delivered an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) to the Trustee stating that all conditions precedent to satisfaction and discharge have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes and any Note Guarantee may be amended or supplemented and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or any Note Guarantee may be waived, in each case, with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes, other than Notes beneficially owned by the Issuer or its Affiliates (excluding any Affiliated Debt Fund), including consents or waivers obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes.

The Indenture will provide that, without the consent of each affected Holder, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed final maturity of any such Note or reduce the premium payable upon the redemption of such Notes or change the time at which such Notes may be redeemed as described under "—Optional Redemption;" *provided* that any amendment to the minimum notice

requirement may be made with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding;

- (3) reduce the rate of or change the time for payment of interest on any Note;
- (4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the outstanding Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in the Indenture or any Note Guarantee which cannot be amended or modified without the consent of all affected Holders;
- (5) make any Note payable in money other than that stated therein;
- (6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Notes;
- (7) make any change in these amendment and waiver provisions;
- (8) amend the contractual right expressly set forth in the Indenture or any Note of any Holder to institute suit for the enforcement of any payment of principal, premium, if any, and interest on such Holder's Notes on or after the due dates therefor;
- (9) make any change to or modify the ranking of the Notes that would adversely affect the Holders; 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 depository.

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

For the avoidance of doubt, no amendment, waiver, modification or deletion of the provisions described under “—Repurchase at the Option of Holders—Change of Control,” “—Repurchase at the Option of Holders— Asset Sales” or any of the covenants described under “—Certain Covenants,” shall be deemed to impair or affect any rights of Holders of the Notes to institute suit for the enforcement of any payment on or with respect to, or to receive payment of principal of, or premium, if any, or interest on, the Notes.

Notwithstanding anything in the Indenture to the contrary, the Notes held by all Debt Fund Affiliates shall not account for more than 49.9% of the principal amounts of outstanding Notes included in determining whether the Holders have (A) consented to any amendment, modification, waiver, consent or other action with respect to any of the terms of the Indenture therefrom, (B) otherwise acted on any matter related to the Indenture or (C) directed or required the Trustee to undertake any action (or refrain from taking any action) with respect to or under the Indenture; it being understood and agreed that the portion of the Notes that accounts for more than 49.9% of the relevant requisite principal amount of outstanding Notes shall be deemed to be not outstanding for all such purposes.

Notices

Notices given by publication (including posting of information as contemplated by the provisions described under “—Certain Covenants—Reports and Other Information”) will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing or transmitting. Notices sent by overnight delivery service will be deemed given when delivered and notices given electronically will be deemed given when sent. Notice otherwise given in accordance with the procedures of DTC will be deemed given on the date sent to DTC.

Concerning the Trustee

The Indenture will contain certain limitations on the rights of the Trustee, should it become a creditor of the Issuer or a Guarantor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign as Trustee.

The Indenture will provide that the Holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person under the circumstances in the conduct of his own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee security and indemnity reasonably satisfactory to it against any loss, liability or expense.

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

Limited Condition Transactions

When calculating the availability under any basket, ratio or any financial metric under the Indenture or compliance with any provision of the Indenture (including as to the absence of any Default or Event of Default or, in the case of a Permitted Change of Control, any minimum ratings requirement), 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 or, in the case of a Permitted Change of Control, compliance with any minimum ratings requirement)) 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 or 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, (x) 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 and (y) if the Testing Party has exercised its option pursuant to the foregoing and the minimum ratings requirement in the definition of Permitted Change of Control shall not be satisfied following the Transaction Test Date for the applicable Change of Control solely as a result of any event or circumstance that is unrelated to the applicable Change of Control (whether or not the applicable Change of Control has occurred at or prior to the time of the rating decline) as announced or publicly confirmed to the Trustee in writing by either S&P or Moody’s, any such rating decline shall be deemed to not have occurred for purposes of determining whether such Change of Control is a Permitted Change of Control under the Indenture.

Notwithstanding anything to the contrary, in connection with a Testing Party’s election to use a Transaction Test Date in connection with a Limited Condition Acquisition or Specified Transaction, any reference to “date of incurrence” or “time of incurrence” or other similar phrases with respect to the date or time an action is taken herein will mean the Transaction Test Date.

Certain Compliance Determinations

Notwithstanding anything to the contrary herein, but subject to the succeeding two paragraphs in this section and “Limited Condition Transactions” above, all financial ratios, tests, covenants, calculations and measurements (including, without limitation, Consolidated Total Debt Ratio, Consolidated Secured Debt Ratio, Fixed Charge Coverage Ratio, Consolidated Interest Expense, Fixed Charges, Consolidated Net Income, Consolidated Total Assets, Consolidated EBITDA, any Fixed Amount (as defined below) or Incurrence Based Amount (as defined below)) contained in the Indenture that are calculated with respect to any period during which any Specified Event, Specified Transaction or Permitted Change of Control occurs shall be calculated with respect to such period and each such Specified Event, Specified Transaction or Permitted Change of Control, as the case may be, on a pro forma basis and may be determined with reference to the financial statements of a Parent Entity of the Issuer instead, so long as such Parent Entity does not hold any material assets other than, directly or indirectly, the Equity Interests of the Issuer (as determined in good faith by the Board or senior management of the Issuer (or any Parent Entity of the Issuer)). Further, if, since the beginning of any such period and on or prior to the date of any required calculation of any financial ratio, test, covenant, calculation or measurement (i) any Specified Event, Specified Transaction or Permitted Change of Control has occurred or (ii) any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the Issuer or any of its Restricted Subsidiaries or any joint venture since the beginning of such period has consummated any Specified Event or Specified Transaction, then, in each case, any applicable financial ratio, test, covenant, calculation or measurement shall be calculated on a pro forma basis for such period as if such Specified Event, Specified Transaction or Permitted Change of Control, as the case may be (including, without duplication of any amounts otherwise reflected in Consolidated EBITDA for the applicable Test Period, any “run rate” cost savings, operating expense reductions and synergies) had occurred at the beginning of the applicable period.

Notwithstanding anything in the Indenture to the contrary, with respect to any amounts incurred or transactions entered into (or consummated) in reliance on a provision of the Indenture (including any covenant) that does not require compliance with a financial ratio or test (including, without limitation, Consolidated Secured Debt Ratio, Consolidated Total Debt Ratio and/or Fixed Charge Coverage Ratio) (any such amounts, the “Fixed Amounts”)

substantially concurrently with any amounts incurred or transactions entered into (or consummated) in reliance on a provision of the Indenture that requires compliance with a financial ratio or test (including, without limitation, Consolidated Secured Debt Ratio, Consolidated Total Debt Ratio and/or Fixed Charge Coverage Ratio) (any such amounts, the “Incurrence Based Amounts”), it is understood and agreed that the Fixed Amounts shall be disregarded in the calculation of the financial ratio or test applicable to the Incurrence Based Amounts.

Notwithstanding anything in the Indenture to the contrary, in the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on an Incurrence-Based Amount, such Incurrence-Based Amount shall be calculated without regard to the incurrence of any Indebtedness under any revolving facility or letter of credit facility (i) immediately prior to or in connection therewith or (ii) used to finance working capital needs of the Issuer and its Restricted Subsidiaries (as reasonably determined by the Issuer).

For purposes of determining the permissibility of any action, change, transaction or event that requires a calculation of any Fixed Amounts, Incurrence-Based Amounts or financial ratio, test, covenant, calculation or measurement (including, without limitation, Consolidated Total Debt Ratio, Consolidated Secured Debt Ratio, Fixed Charge Coverage Ratio, Consolidated Interest Expense, Fixed Charges, Consolidated Net Income, Consolidated Total Assets and Consolidated EBITDA), such Fixed Amounts, Incurrence-Based Amounts or financial ratio, test, covenant, calculation or measurement shall be calculated at the time such action is taken (subject to “—Limited Condition Transactions” above), such change is made, such transaction is consummated or such event occurs, as the case may be, and no Default or Event of Default shall be deemed to have occurred solely as a result of a change in such Fixed Amounts, Incurrence-Based Amounts or financial ratio, test, covenant, calculation or measurement occurring after the time such action is taken, such change is made, such transaction is consummated or such event occurs, as the case may be. In addition, the Issuer (or a Parent Entity) and its Subsidiaries may be required to restate historical financial statements as the result of the implementation of changes in GAAP or the interpretation thereof, and such restatements will not result in a Default under the Indenture to the extent that the restatements do not reveal any material omission, misstatement or other material inaccuracy in the reported information from actual results for any relevant prior period.

The Indenture shall also provide that, for purposes of determining any calculation or measure as of any Applicable Calculation Date or date of determination (including, without limitation, Consolidated EBITDA, Consolidated Interest Expense, Consolidated Net Income, Consolidated Secured Debt Ratio, Consolidated Total Debt Ratio, Fixed Charge Coverage Ratio, Fixed Charges, Permitted Receivables Financing and Total Assets) under the Indenture, the U.S. dollar equivalent amount of any amount denominated in a foreign currency shall be calculated, to the extent not already reflected in U.S. dollars in the relevant financial statements (which may be internal), based on the relevant currency exchange rate in effect as of the end of the most recent fiscal quarter for which internal financial statements are available immediately preceding the Applicable Calculation Date.

Certain Definitions

Set forth below are certain defined terms to be used in the Indenture. For purposes of the Indenture, unless otherwise specifically indicated, the term “consolidated” with respect to any Person refers to such Person on a consolidated basis in accordance with GAAP, but excluding from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

“*Acquired Indebtedness*” means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging, consolidating or amalgamating with or into or becoming a Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Acquisition*” means the acquisition of TopCo and its Subsidiaries pursuant to the Acquisition Agreement, together with related 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, GTCR (AP) Merger Sub Inc. 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.

“*Acquisition 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 Acquisition (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 Acquisition, including any fees pursuant to the Organizational Documents), the Existing Notes Indentures, 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.

“*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 , 2027 (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 , 2027 (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) \$71.5 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) \$142.5 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.”

“*Assured Partners*” 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 (1),

(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 (3) 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 letter 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 any Specified Event (as defined below) projected by such Person in good faith to be realized as a result of actions that have been taken or initiated or are expected to be taken (in the good faith determination of such Person), including any cost savings, expenses and charges (including restructuring and integration charges) in connection with, or incurred by or on behalf of, any joint venture of such Person or any of its Restricted Subsidiaries (whether accounted for on the financial statements of any such joint venture or such Person) with respect to any acquisitions, mergers, consolidations, Divisions and disposed operations (as determined in accordance with GAAP), operational changes, 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 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 Acquisition (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 Acquisition 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 Acquisition, (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 Acquisition 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) at the Issuer's election, the cumulative effect of a change in accounting principles and changes as a result of adoption or modification of accounting policies during such period to the extent included in Consolidated Net Income,

(3) Acquisition 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 Acquisition) or Permitted Change of Control Costs,

(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 Acquisition 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 Acquisition, 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 Acquisition, 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 Acquisition, 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); *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 Acquisition 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.

“*Declined Proceeds*” has the meaning set forth under “—Repurchase at the Option of Holders—Asset Sales.”

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

“*Derivative Instrument*”, with respect to a Person, means any contract, instrument or other right to receive payment or delivery of cash or other assets (including, without limitation, a physical short position) to which such Person or any Affiliate of such Person that is acting in concert with such Person in connection with such Person’s investment in the Notes (other than a Screened Affiliate) is a party (whether or not requiring further performance by such Person), the value and/or cash flows of which (or any material portion thereof) are materially affected by the value and/or performance of any securities of the Issuer and/or the creditworthiness of the Issuer and/or any one or more of the Guarantors (the “*Performance References*”). For the avoidance of doubt, the term “*Derivative Instrument*” shall not include any Notes.

“*Designated Non-cash Consideration*” means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale, redemption or repurchase of or collection or payment on such Designated Non-cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in exchange for consideration in the form of cash or Cash Equivalents in compliance with “—Repurchase at the Option of Holders—Asset Sales.”

“*Designated Preferred Stock*” means Preferred Stock of the Issuer or any Parent Entity (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer’s Certificate executed by the principal financial officer of the Issuer or the applicable Parent Entity, as the case may be, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of the first paragraph of the “—Certain Covenants— Limitation on Restricted Payments” covenant.

“*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 Indentures*" means (i) the indenture, dated as of August 2, 2017, among the Issuer, the guarantors party thereto and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee, governing the Existing 2025 Notes, (ii) the indenture, dated as of May 13, 2019, among the Issuer, the guarantors party thereto and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee, governing the Existing 2027 Notes, and (iii) the indenture, dated as of December 10, 2020, among the Issuer, the guarantors party thereto and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee, governing the Existing 2029 Notes, in each case, 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 the Issuer's (i) \$500.0 million in aggregate principal amount outstanding of 7.00% Senior Notes due 2025 issued on August 2, 2017 (the "*Existing 2025 Notes*"), (ii) \$475.0 million in aggregate principal amount outstanding of 8.00% Senior Notes due 2027 issued on May 13, 2019 (the "*Existing 2027 Notes*") and (iii) \$550.0 million in aggregate principal amount outstanding of 5.625% Senior Notes due 2029 issued on December 10, 2020 (the "*Existing 2029 Notes*").

"*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 Acquisition), 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 Acquisition), 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 Acquisition), 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, (c) in determining any amounts or ratios under the Indenture and with respect to any reports provided by the Company to Holders of the Notes, the accounting for revenue recognition under U.S. GAAP may, at the Company’s option, be made under ASU 2009-13, *Multiple-Deliverable Revenue Arrangements* (Topic 605), notwithstanding any adoption by the Company of ASU 2014-09, Revenue from Contracts with Customers (Topic 606) for purposes of its consolidated financial statements, (d) any calculation or determination in the Indenture that requires the application of GAAP across multiple quarters need not be calculated or determined using the same accounting standard for each constituent quarter and (e) neither IFRS nor U.S. GAAP shall include the policies, rules and regulations of the SEC, the American Institute of Certified Public Accountants, the International Accounting Standards Board or any other applicable regulatory or governing body applicable only to public companies (unless the Issuer or a Parent Entity is a Public Company). At any time after the Issue Date, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in the Indenture); *provided* that any such election, once made, shall be irrevocable; *provided, further*, any calculation or determination in the Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Issuer’s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Issuer shall give notice of any such election made in accordance with this definition to the Trustee. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness.

For avoidance of doubt, notwithstanding any classification under GAAP of any Person or business in respect of which a definitive agreement for the disposition thereof has been entered into as discontinued operations, the Consolidated Net Income and Consolidated EBITDA of such Person or business shall not be excluded from the calculation of Consolidated Net Income or Consolidated EBITDA, respectively, until such disposition shall have been consummated.

If there occurs or has occurred a change in generally accepted accounting principles and such change would cause a change in the method of calculation of any term or measure used in the Indenture (an “*Accounting Change*”), then the Issuer may elect, 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, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, BofA Securities, Inc., Barclays Capital Inc., J.P. Morgan Securities LLC, BMO Capital Markets Corp., RBC Capital Markets, LLC, Deutsche Bank Securities Inc., UBS Securities LLC, Mizuho Securities USA LLC, 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 acquired a portion of the equity interests in Holdings (or a Parent Entity of Holdings) in connection with the Acquisition 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 , 2024.

“*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.

“*Long Derivative Instrument*” means a Derivative Instrument (i) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with positive changes to the Performance References and/or (ii) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with negative changes to the Performance References.

“*Management Investors*” means the former, current or future officers, directors, employees and managers (and Controlled Investment Affiliates and Immediate Family Members of the foregoing) of the Issuer, any Restricted Subsidiary or any Parent Entity of the Issuer who are or become direct or indirect investors in the Issuer, any Parent Entity of the Issuer or any Equityholding Vehicle, including any such officers, directors, employees and managers owning through an Equityholding Vehicle.

“*Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding shares of common Equity Interests of the Issuer (or its Parent Entity) on a Business Day no more than five Business Days prior to the date of the declaration or making of a Restricted Payment permitted pursuant to clause (8) of the second paragraph under “—Certain Covenants—Limitation on Restricted Payments” multiplied by (ii) the arithmetic mean of the closing prices per share of such common Equity Interests on the principal securities exchange on which such common Equity Interests are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

“*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, estimated taxes and (without duplication) any payments to a Parent Entity pursuant to clause (13)(b) of the second paragraph under “—Certain Covenants—Limitation on Restricted Payments” in respect of such taxes 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.

“Net Short” means, with respect to a Holder or beneficial owner and the Notes, as of the date of determination, either (i) the value of its Short Derivative Instruments exceeds the sum of (x) the value of its Notes plus (y) the value of its Long Derivative Instruments as of such date of determination or (ii) it is reasonably expected that the foregoing clause (i) would have been the case if a “Failure to Pay” or “Bankruptcy Credit Event” (each as defined in the 2014 ISDA Credit Derivatives Definitions) were to have occurred with respect to the Issuer or any Guarantor immediately prior to such date of determination.

“Non-Financing Lease Obligation” means a lease obligation that is not required to be accounted for as a financing lease on both the balance sheet and the income statement for financial reporting purposes in accordance with GAAP. For the avoidance of doubt, a straight-line or operating lease shall be considered a Non-Financing Lease Obligation.

“Non-Recourse Indebtedness” means Indebtedness that is non-recourse to the Issuer and its Restricted Subsidiaries (except for any customary limited recourse that is applicable only to Subsidiaries of the Issuer that are not Guarantors, that is customary in the relevant local market, and reasonable extensions thereof).

“Note Guarantee” means the guarantee by any Guarantor of the Issuer’s Obligations under the Indenture and the Notes.

“Obligations” means any principal, interest (including any interest accruing on or subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, provincial, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers’ acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, premium, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness;

provided, that any of the foregoing (other than principal and interest) shall no longer constitute “Obligations” after payment in full of such principal and interest except to the extent such obligations are fully liquidated and non-contingent on or prior to such payment in full; *provided, further*, that Obligations with respect to the Notes shall not include fees, reimbursements or indemnifications in favor of the Trustee (which obligations with respect to such fees, reimbursements or indemnifications shall survive the payment in full of the principal of and interest on the Notes) or other third parties other than the Holders.

“Offering Memorandum” means the Offering Memorandum dated _____, 2024 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 Change of Control Costs*” means all fees, costs and expenses incurred or payable by the Issuer, any Parent Entity or any of its Restricted Subsidiaries in connection with a Permitted Change of Control.

“*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 Acquisition) 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) \$332.5 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) \$332.5 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) \$47.5 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, the Existing Notes and other Senior Indebtedness of the Issuer or any Restricted Subsidiary;

(20) Investments in the ordinary course of business or consistent with past practice consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(21) Investments in (A) Unrestricted Subsidiaries having an aggregate fair market value (with the fair market value of such Investment being measured at the time of committing, declaring or determining to make such Investment and without giving effect to subsequent changes in value), taken together with all other Investments made, declared or committed or determined to be made (unless such declaration, commitment or determination has been rescinded, revoked or otherwise terminated) pursuant to this clause

(21) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities, not to exceed at the time of such Investment the greater of (x) \$237.5 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 Acquisition;

(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 (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 the heading “Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;”

(30) Liens in favor of the Issuer or any Guarantor or the Trustee;

(31) Liens on vehicles or equipment of the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business or consistent with past practice;

(32) Liens to secure any modification, refinancing, refunding, restatement, exchange, extension, renewal or replacement (or successive refinancing, refunding, restatement, exchange, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (6), (11), (12), (16), (17), (32), (33) and (34) of this definition; *provided*, that (a) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus accessions, additions and improvements on such property, including after-acquired property that is (i) affixed or incorporated into the property covered by such Lien, (ii) after-acquired property subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property (it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition) and (iii) the proceeds and products thereof) and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (11), (12), (16), (17), (32), (33) and (34) of this definition at the time the original Lien became a Permitted Lien under the Indenture, and (y) an amount necessary to pay accrued but unpaid interest on such Indebtedness and any dividend, premium (including tender premiums), defeasance costs, underwriting discounts and any fees, costs and expenses (including upfront fees, original issue discount or similar fees) incurred in connection with such modification, refinancing, refunding, extension, renewal or replacement;

(33) other Liens securing outstanding Indebtedness in an aggregate principal amount not to exceed, together with any Liens securing any modification, refinancing, refunding, restatement, exchange, extension, renewal or replacement (or successive modification, refinancing, refunding, restatement, exchange, extensions, renewals or replacements) under clause (32) above, the greater of (x) \$475.0 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 the heading “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;” *provided* that, with respect to Liens securing Obligations permitted under this clause (34), at the time of incurrence of such Obligations and after giving pro forma effect thereto, the Consolidated Secured Debt Ratio of the Issuer for the Applicable Measurement Period would be no greater than 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 from time to time 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 or from time to time reclassify 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 Acquisition) 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, issued to HPS Investment Partners, LLC on May 13, 2019, 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.

“*Screened Affiliate*” means any Affiliate of a Holder (a) that makes investment decisions independently from such Holder and any other Affiliate of such Holder that is not a Screened Affiliate, (b) that has in place customary information screens between it and such Holder and any other Affiliate of such Holder that is not a Screened Affiliate

and such screens prohibit the sharing of information with respect to the Issuer or its Subsidiaries, (c) whose investment policies are not directed by such Holder or any other Affiliate of such Holder that is acting in concert with such Holder in connection with its investment in the Notes and (d) whose investment decisions are not influenced by the investment decisions of such Holder or any other Affiliate of such Holder that is acting in concert with such Holders in connection with its investment in the Notes.

“SEC” means the U.S. Securities and Exchange Commission.

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

“*Securities Act*” means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Senior Credit Facilities*” means, collectively, the credit facilities under the 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.

“*Short Derivative Instrument*” means a Derivative Instrument (a) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with positive changes to the Performance References and/or (b) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with negative changes to the Performance References.

“*Significant Subsidiary*” means any Restricted Subsidiary that would be a “Significant Subsidiary” of the Issuer within the meaning under Rule 1-02(w)(1) or (2) of Regulation S-X promulgated by the SEC.

“*Similar Business*” means any business conducted or proposed to be conducted by the Issuer and its Restricted Subsidiaries on the Issue Date or any business that is similar, complementary, reasonably related, synergistic, incidental or ancillary thereto, or is a reasonable extension, development or expansion thereof.

“*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 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two business days prior to the Redemption Date) (provided that in the case of calculating the Applicable Premium in connection with a satisfaction and discharge of the Indenture or a legal defeasance or covenant defeasance under the Indenture, such weekly average shall be determined for the most recently completed week for which such information is available as of the date that is two business days prior to the date on which funds to pay the Notes are deposited with the Trustee) of the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in Federal Reserve Statistical Release H.15 with respect to each applicable day during such week (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such Redemption Date to _____, 2027; *provided, however*, that if the period from such Redemption Date to _____, 2027 is less than one year, the weekly average yield on actively traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“*Trustee*” has the meaning set forth in the first paragraph under “—General.” “*Trust Indenture Act*” means the Trust Indenture Act of 1939, as amended.

“*Uniform Commercial Code*” or “*UCC*” means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

“*Unrestricted Subsidiary*” means:

(1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Restricted Subsidiary (other than solely any Subsidiary of the Subsidiary to be so designated); *provided* that

(1) any Unrestricted Subsidiary must be an entity of which the Equity Interests entitled to cast at least a majority of the votes that may be cast by all Equity Interests having ordinary voting power for the election of directors or Persons performing a similar function are owned, directly or indirectly, by the Issuer;

(2) such designation complies with the covenant described under “—Certain Covenants—Limitation on Restricted Payments;” and

(3) each of (a) the Subsidiary to be so designated and (b) its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary (other than Equity Interests in the Unrestricted Subsidiary).

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

(1) the Issuer could incur at least \$1.00 of additional Indebtedness pursuant to either (x) the Fixed Charge Coverage Ratio test or (y) the Consolidated Total Debt Ratio test, in each case, described in the first paragraph under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;” or

(2) either (x) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be equal to or greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation or (y) the Consolidated Total Debt Ratio test for the Issuer and its Restricted Subsidiaries would be equal to or less than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation.

Any such designation by the Issuer shall be notified by the Issuer to the Trustee by promptly filing with the Trustee an Officer’s Certificate certifying that such designation complied with the foregoing provisions.

“*U.S. Government Obligations*” means securities that are:

(1) direct obligations of, or obligations guaranteed by, the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depository receipt.

“*Voting Stock*” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years (calculated to the nearest one-twelfth) from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

“*Wholly-Owned Subsidiary*” of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors’ qualifying shares and shares issued to foreign nationals as required by applicable law) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

“*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 depositories. 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 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 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 depository for the Global Note, or DTC ceases to be a clearing agency registered under the Exchange Act and, in either case, a qualified successor depository 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 notes or at the office of a transfer agent for such notes, the Issuer shall issue and the Trustee for the 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 UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the notes but does not purport to be a complete analysis of all potential tax considerations. This summary deals only with notes held as “capital assets” within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”) (generally, property held for investment) by persons who purchase the notes for cash pursuant to this offering at their initial offering price.

As used herein, a “U.S. holder” means a beneficial owner of the notes that is, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation that is 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 United States federal income taxation regardless of its source; or
- a trust, if it (1) is subject to the primary supervision of a United States court and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

The term “non-U.S. holder” means a beneficial owner of the notes that is, for United States federal income tax purposes, an individual, corporation, estate or trust that is not a U.S. holder.

If any entity or arrangement classified as a partnership for United States federal income tax purposes holds the notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership considering an investment in the notes, you should consult your tax advisors.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to particular holders in light of their personal investment circumstances or status, nor does it discuss considerations applicable to investors that may be subject to special tax treatment under the United States federal income tax laws, including, without limitation:

- a broker or dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt entity;
- an insurance company;
- a person holding the notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;

- a partnership or other pass-through entity for United States federal income tax purposes (including S corporations) or an investor in such an entity;
- a U.S. holder that holds notes through a non-U.S. broker or other non-U.S. intermediary;
- a U.S. holder whose “functional currency” is not the U.S. dollar;
- a “controlled foreign corporation”;
- a “passive foreign investment company”;
- a person that holds Existing 2025 Notes;
- a person required to accelerate the recognition of any item of gross income with respect to the notes as a result of such income being recognized on an applicable financial statement; or
- a United States expatriate.

This summary is based on the Code, United States Treasury regulations, administrative rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. We have not and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the United States federal income tax consequences of the purchase, ownership or disposition of the notes that are different from those discussed below or that a court would not sustain any challenge by the IRS in the event of litigation.

This summary does not represent a detailed description of the United States federal income tax consequences to you in light of your particular circumstances. In addition, this summary does not address the effects of any United States federal tax consequences other than income taxes (such as estate and gift taxes and the Medicare tax on certain investment income), and does not address state, local or non-U.S. tax laws. It is not intended to be, and should not be construed to be, legal or tax advice to any particular purchaser of notes.

If you are considering the purchase of notes, you should consult your tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the notes, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

Certain Tax Consequences to U.S. Holders

The following is a summary of certain United States federal income tax consequences that will apply to U.S. holders of the notes.

Stated Interest

Stated interest on the notes generally will be taxable to you as ordinary income at the time the interest is paid or accrued in accordance with your regular method of accounting for United States federal income tax purposes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a note, you will recognize taxable gain or loss in an amount equal to the difference, if any, between (i) the amount of cash and the fair market value of any property received (less any amount equal to accrued but unpaid stated interest, which will be taxed in the manner described above under “—Stated Interest”) and (ii) your adjusted tax basis in the note. Your adjusted tax basis in a note will, in general, be your cost for that note.

Any gain or loss on the sale, exchange, retirement, redemption or other taxable disposition of a note generally will be capital gain or loss and generally will be long-term capital gain or loss if the note has a holding period of more than one year at the time of the disposition. Long-term capital gain of non-corporate U.S. holders (including individuals) may be taxed at preferential rates. The deductibility of capital losses is subject to limitations.

Certain Tax Consequences to Non-U.S. Holders

The following is a summary of certain material United States federal income tax consequences that will apply to non-U.S. holders of the notes.

United States Federal Withholding Tax

Subject to the discussions of backup withholding and FATCA below, United States federal withholding tax will not apply to any payment of interest on the notes under the “portfolio interest rule,” provided that:

- interest paid on the notes is not effectively connected with your conduct of a trade or business in the United States;
- you do not actually (or constructively) own stock possessing 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and applicable United States Treasury regulations;
- you are not a controlled foreign corporation that is related to us actually or constructively through stock ownership;
- you are not a bank whose receipt of interest on the notes is described in Section 881(c)(3)(A) of the Code; and
- either (a) you provide your name and address on an applicable IRS Form W-8, and certify, under penalties of perjury, that you are not a United States person as defined under the Code or (b) you hold your notes through certain foreign intermediaries and satisfy the certification requirements of applicable United States Treasury regulations. Special certification rules apply to non-U.S. holders that are pass-through entities rather than corporations or individuals.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to a 30% United States federal withholding tax, unless you provide the applicable withholding agent with a properly executed:

- IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty; or
- IRS Form W-8ECI (or other applicable form) certifying that interest paid on the notes is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States (as discussed below under “—United States Federal Income Tax”).

The 30% United States federal withholding tax generally will not apply to any payment of principal or gain that you recognize on the sale, exchange, retirement, redemption or other taxable disposition of a note.

United States Federal Income Tax

If you are engaged in a trade or business in the United States and interest on the notes is effectively connected with the conduct of that trade or business, then you generally will be subject to United States federal income tax on that interest on a net income basis (although you will be exempt from the 30% United States federal withholding tax, provided the certification requirements discussed above in “—United States Federal Withholding Tax” are satisfied) in the same manner as if you were a United States person as defined under the Code, unless an applicable income tax

treaty provides otherwise. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable income tax treaty rate) of your effectively connected earnings and profits, subject to adjustments.

Subject to the discussion of backup withholding below, any gain recognized on the sale, exchange, retirement, redemption or other taxable disposition of a note generally will not be subject to United States federal income tax unless:

- the gain is effectively connected with your conduct of a trade or business in the United States, in which case such gain will generally be subject to United States federal income tax (and possibly branch profits tax) in the same manner as effectively connected interest as described above; or
- you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met, in which case, unless an applicable income tax treaty provides otherwise, you will generally be subject to a 30% United States federal income tax on any gain recognized, which may be offset by certain United States source losses.

Information Reporting and Backup Withholding

U.S. Holders

In general, information reporting requirements will apply to payments of stated interest on the notes and any proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note paid to you (unless you are an exempt recipient such as a corporation). Backup withholding may apply to any payments described in the preceding sentence if you fail to provide a correct taxpayer identification number or a certification that you are not subject to backup withholding.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders

Generally, information reporting requirements will apply to the amount of interest paid to you and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which you reside or are organized under the provisions of an applicable income tax treaty or agreement.

In general, you will not be subject to backup withholding with respect to payments of interest on the notes, provided that the applicable withholding agent has received from you the required certification described above in the fifth bullet point under “—Certain Tax Consequences to Non-U.S. Holders—United States Federal Withholding Tax.”

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other taxable disposition (including a retirement or redemption) of notes within the United States or conducted through certain United States-related financial intermediaries, unless you certify to the applicable withholding agent that you are not a United States person as defined under the Code, or you otherwise establish an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as “FATCA”), a 30% United States federal withholding tax may apply to any interest paid on the notes to (i) a “foreign financial institution” (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a “non-financial foreign entity” (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial United States beneficial owners of such entity (if any). The foregoing rules generally will apply whether the foreign financial institution or non-financial foreign entity is the beneficial owner of the notes or an intermediary. If an interest payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under “—Certain Tax Consequences to Non-U.S. Holders—United States Federal Withholding Tax,” the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax.

While withholding under FATCA would generally also have applied to payments of gross proceeds from a taxable disposition of notes on or after January 1, 2019, proposed United States Treasury regulations (the preamble to which indicates that taxpayers may rely on the regulations pending their finalization) eliminate FATCA withholding on payments of gross proceeds entirely. You should consult your tax advisors regarding these rules and whether they may be relevant to your ownership and disposition of 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 and other arrangements that are subject to Section 4975 of the Code or provisions under any U.S. or non-U.S. federal, state, local, or other laws, rules or regulations that are similar to the foregoing provisions of ERISA or the Code (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets,” within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA), of any such plan, account or arrangement (each, a “Plan”).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a “Covered Plan”) and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine the suitability of the notes for such Plan, including whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan including, without limitation, prudence, diversification, delegation of control and the need for, and the availability, if necessary, of any exemptive relief under any such laws or regulations. In addition, a fiduciary of a Plan should consider a Plan’s particular circumstances and all facts and circumstances of the investment, including, but not limited to, the matters discussed above under “Risk Factors.”

Each Plan should consider the fact that none of the Transaction Parties will act as a fiduciary to any Plan with respect to the decision to acquire notes pursuant to this offering and is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, with respect to such decision. All communications, correspondence and materials from the Transaction Parties with respect to the notes are intended to be general in nature and are not directed at any specific purchaser of the notes, and do not constitute advice regarding the advisability of investment in the notes for any specific purchaser. The decision to acquire notes must be made by each prospective Plan purchaser on an arm’s length basis. “Transaction Party” means any of the Issuer, the initial purchasers and their respective affiliates, other than an affiliate of an initial purchaser that is a named fiduciary (or a fiduciary appointed by a named fiduciary) with respect to the management of the assets of the applicable Plan and acting in accordance with an applicable prohibited transaction exemption (the applicable conditions of which are satisfied).

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of notes by a Covered Plan with respect to which the Issuer, an initial purchaser or a guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions (“PTCEs”) that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide limited relief from

the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Covered Plan involved in the transaction and provided further that the Covered Plan pays no more than adequate consideration in connection with the transaction. Each of these exemptions contains conditions and limitations on its application. Thus, the fiduciaries of a Covered Plan that is considering acquiring and/or holding the notes in reliance on any of these, or any other, exemption should carefully review the conditions and limitations of the exemption and consult with their counsel to confirm that it is applicable. There can be no assurance that any PTCE or any other exemption will be available with respect to any particular transaction involving the notes. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the notes should not be purchased or held by any person investing “plan assets” of any Plan, unless such purchase and holding will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a note, or any interest therein, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold such note constitutes assets of any Plan or (ii) the acquisition and holding of such note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws, and none of the Transaction Parties is acting as a fiduciary of such purchaser with respect to the decision to purchase the notes pursuant to the offering described in this offering memorandum or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase the notes pursuant to the offering described in this offering memorandum. No purchaser or subsequent transferee will 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 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 this 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 such notes pursuant to the offering described in this offering memorandum or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to acquire such notes pursuant to the offering described in this offering memorandum.

(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

Goldman Sachs & Co. LLC is acting as representative (the “Representative”) of each of the several initial purchasers. Subject to the terms and conditions set forth in a purchase agreement by and among the Issuer, the guarantors party thereto and Goldman Sachs & Co. LLC, as Representative of the several initial purchasers, the Issuer has agreed to sell to the initial purchasers, and the initial purchasers have agreed, severally and not jointly, 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 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.

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 Representative has 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 30 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 Representative (which consent may be withheld at the sole

discretion of the Representative), 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 Representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Notice to Prospective Investors in the European Economic Area

The notes are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from a requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Additional Notice to Prospective Investors in the United Kingdom

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and, therefore,

offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of the securities in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of securities. This offering memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

This offering memorandum is being distributed only to and directed only at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments and fall within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (as amended, the “Financial Promotion Order”), (iii) persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order, (iv) those persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue of any securities may otherwise lawfully be communicated or caused to be communicated, or (v) those persons to whom they may otherwise lawfully be distributed (all such persons referred to in (i) through (v) together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice to Prospective Investors in Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes.

The notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

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 Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document except for notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “SFO”) other than (i) to “professional investors” as defined in the SFO and any rules made thereunder; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (the “CO”) or which do not constitute an offer to the public within the meaning of the CO. No advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as an offering memorandum with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; (3) by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulation 2018 of Singapore.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). Any reference to any term as defined in the SFA, or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notice to Prospective Investors in Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the “Financial Instruments and Exchange Law”). The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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 and/or our 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 BofA Securities, Inc. 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 expense in connection therewith. In addition, certain of the initial purchasers and/or their affiliates, may be lenders under our term loan credit facilities and/or revolving credit facility or may hold our Existing 2025 Notes and therefore may receive a portion of the net proceeds from this offering. See "Use of Proceeds."

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 Kirkland & Ellis LLP, New York, New York. 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, 2022 and 2021 and for the years then ended, 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.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of AssuredPartners, Inc.

Opinion

We have audited the accompanying consolidated financial statements of AssuredPartners, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and comprehensive income, of equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report (not presented herein). The other information comprises Management's Discussion and Analysis of Financial Condition and Results of Operations and an Adjusted EBITDA Reconciliation, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida
March 27, 2023

AssuredPartners, Inc.
Consolidated Balance Sheets
December 31, 2022 and 2021

(in thousands)	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 766,261	\$ 197,292
Restricted cash	57,409	3,606
Trust cash	266,720	283,487
Fixed maturity securities at fair value, available-for-sale	27,911	30,359
Accounts receivable, net of allowance for doubtful accounts of \$2,978 and \$2,725, respectively	728,283	617,561
Other current assets	157,845	116,470
Total current assets	2,004,429	1,248,775
Fixed assets, net	67,580	46,613
Goodwill	4,978,568	4,595,097
Definite-lived intangible assets, net	2,934,506	2,952,236
Operating lease right-of-use assets, net	140,851	—
Other noncurrent assets, net	66,566	51,383
Total assets	<u>\$10,192,500</u>	<u>\$ 8,894,104</u>
LIABILITIES AND EQUITY		
Current liabilities		
Earn-out payables, current portion	\$ 196,842	\$ 111,697
Long-term debt, net, current portion	24,297	21,193
Company payables	420,215	373,069
Accounts payable	70,963	60,380
Customer advances	67,977	67,201
Producer payables	101,039	86,750
Deferred revenue, current portion	50,040	42,925
Reserve for unpaid losses and loss adjustment expenses, current portion	6,582	6,607
Accrued expenses and other	202,270	159,957
Total current liabilities	1,140,225	929,779
Earn-out payables, noncurrent portion	83,886	131,702
Long-term debt, net, noncurrent portion	5,652,443	4,682,284
Operating lease liabilities, noncurrent portion	112,954	-
Deferred revenue, noncurrent portion	43,081	39,235
Reserve for unpaid losses and loss adjustment expenses, noncurrent portion	21,402	20,989
Deferred income tax liabilities, net	450,879	458,629
Other noncurrent liabilities	12,788	14,483
Total liabilities	7,517,658	6,277,101
Commitments and contingencies (Note 13)		
Equity		
Capital contribution from the Parent	2,596,750	2,580,368
Accumulated other comprehensive income	9,636	5,711
Retained earnings	68,456	30,924
Total equity	2,674,842	2,617,003
Total liabilities and equity	<u>\$ 10,192,500</u>	<u>\$ 8,894,104</u>

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
Consolidated Statements of Operations and Comprehensive Income
December 31, 2022 and 2021

<i>(in thousands)</i>	For the year ended	
	2022	2021
Revenues		
Commissions and fees.....	\$ 2,052,107	\$ 1,743,436
Contingent revenue	161,388	108,155
Total revenues	<u>2,213,495</u>	<u>1,851,591</u>
Expenses		
Compensation expense.....	1,196,369	979,950
Selling expense	39,945	28,985
Administrative expense.....	293,959	242,437
Transaction expense.....	3,822	11,386
Increase in fair value of earn-out payables, net.....	41,973	89,154
Depreciation and amortization expense	251,828	215,603
Total operating expenses	<u>1,827,896</u>	<u>1,567,515</u>
Income from operations	385,599	284,076
Interest expense.....	(301,322)	(254,543)
Accretion on fair value of earn-out payables, net	(49,037)	(16,705)
Debt extinguishment loss	(4,143)	—
Other income, net.....	4,764	14,079
Income before income taxes.....	35,861	26,907
Benefit (provision) for income taxes	1,671	(18,336)
Net income	<u>\$ 37,532</u>	<u>\$ 8,571</u>
Other comprehensive income (loss), before tax		
Foreign currency translation adjustments	(2,104)	9
Change in unrealized loss on fixed maturity securities.....	(2,846)	(1,115)
Change in unrealized gain on interest rate hedges	11,194	23,533
Other comprehensive income, before taxes.....	6,244	22,427
Income tax provision related to items of other comprehensive income (loss)	(2,319)	(5,909)
Other comprehensive income	3,925	16,518
Comprehensive income	<u>\$ 41,457</u>	<u>\$ 25,089</u>

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
Consolidated Statements of Equity
December 31, 2022 and 2021

<i>(in thousands)</i>	Capital Contribution from Parent	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances at December 31, 2020	\$ 2,569,370	\$ 22,353	\$ (10,807)	\$ 2,580,916
Unrealized gain (loss) on interest rate hedges, net of taxes.....	—	—	17,390	17,390
Unrealized gain on fixed maturity securities, net of taxes.....	—	—	(881)	(881)
Foreign currency translation.....	—	—	9	9
Compensation expense related to incentive units	10,998	—	—	10,998
Net Income	—	8,571	—	8,571
Balances at December 31, 2021	<u>\$ 2,580,368</u>	<u>\$ 30,924</u>	<u>\$ 5,711</u>	<u>\$ 2,617,003</u>
Unrealized gain on interest rate hedges, net of taxes..	—	—	8,277	8,277
Unrealized (loss) on fixed maturity securities, net of taxes.....	—	—	(2,248)	(2,248)
Foreign currency translation.....	—	—	(2,104)	(2,104)
Compensation expense related to incentive units	16,382	—	—	16,382
Net Income	—	37,532	—	37,532
Balances at December 31, 2022	<u>\$ 2,596,750</u>	<u>\$ 68,456</u>	<u>\$ 9,636</u>	<u>\$ 2,674,842</u>

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
Consolidated Statements of Cash Flows
December 31, 2022 and 2021

	For the year ended December 31,	
	2022	2021
<i>(in thousands)</i>		
Cash flows from operating activities:		
Net income	\$ 37,532	\$ 8,571
Adjustments to net income to net cash provided by operating activities		
Amortization	229,678	196,844
Depreciation	22,150	18,759
Non-cash lease expense	9,987	—
Bad debt expense	1,180	1,915
Equity-based compensation	16,382	10,998
Change in estimated acquisition earn-out payables	90,537	105,516
Payments on acquisition earn-outs in excess of original estimated payables	(95,261)	(34,405)
Amortization of debt discount and debt issuance cost	17,697	16,210
Deferred income taxes	(10,069)	13,590
Debt extinguishment loss	4,143	—
Change in fair value of interest rate swap contracts	—	(8,447)
Other, net	1,379	1,553
Changes in operating assets and liabilities, net of effect from acquisitions		
Accounts receivable	(86,244)	(23,822)
Other assets	(37,455)	(35,152)
Accounts payable	40,136	64,191
Customer advances	769	14,082
Producer payables	10,347	(31)
Accrued interest	1,599	12,980
Other accrued expenses	5,522	25,723
Reserve for unpaid losses and loss adjustment expenses	388	8
Deferred revenue	10,801	1,886
Other liabilities	(1,343)	(12,061)
Net cash provided by operating activities	269,855	378,908
Cash flows from investing activities:		
Additions to fixed assets	(38,999)	(17,433)
Payments for businesses, net of cash acquired	(519,874)	(1,333,366)
Payments for customer-related and contract-based assets	(72)	(3,502)
Purchases of fixed maturity securities	(7,713)	(7,775)
Proceeds from sales and maturities of fixed maturity securities	7,102	6,366
Proceeds from sales of books of business	529	4,600
Net cash used in investing activities	(559,027)	(1,351,110)
Cash flows from financing activities:		
Payments on acquisition holdback	(8,983)	(2,918)
Payments on acquisition earn-out payables	(39,085)	(44,380)
Proceeds from issuance of long-term debt, net of discount	1,330,375	545,500
Payments on long-term debt	(282,529)	(28,576)
Borrowings on revolver loans	—	75,000
Payments on revolver loans	(75,000)	—
Payments of capitalized debt issuance costs	(16,111)	—
Premium paid for interest rate cap	(10,250)	—
Other, net	(3,240)	(4,037)
Net cash provided by financing activities	895,177	540,589
Net increase (decrease) in cash, cash equivalents, restricted cash and trust cash	606,005	(431,613)
Cash, cash equivalents, restricted cash and trust cash, beginning of period	484,385	915,998
Cash, cash equivalents, restricted cash and trust cash, end of period	1,090,390	484,385
Less: Restricted cash	57,409	3,606
Less: Trust cash	266,720	283,487
Cash and cash equivalents	\$ 766,261	\$ 197,292

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 a wholly-owned subsidiary of The AssuredPartners Group LP (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 has over 9,200 employees in approximately 390 offices in forty states across the U.S., the District of Columbia, United Kingdom (U.K.), Ireland and Belgium. Since its founding in 2011, the Company has built a broad insurance distribution 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 and professional and individual customers.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany account balances and transactions have been eliminated in the consolidated financial statements.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and assumptions affect the reported amounts of assets and liabilities and revenues and expenses as well as disclosures of contingent assets and liabilities, at the date of the consolidated financial statements. The principal estimates used include, among others, the allocation of purchase price to the fair value of net assets acquired in connection with acquisitions, the valuation of earn-out payables, revenue recognition, equity-based compensation, assessments regarding potential impairment of assets, and the estimated fair value of financial instruments. Actual results may differ from those estimates.

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 the Company's acquisitions. Intangible assets include noncompete agreements, and customer related and contract-based assets. 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 the Company assigns to the assembled workforce which may not be recognized as an intangible asset. Noncompete agreements, tradenames, and customer-related and contract-based assets are valued using the income approach which is based on future 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. The Company remeasures these estimated earn-out payables on a quarterly basis. Subsequent changes, including the accretion of discount and changes in fair value, are recorded in the Consolidated Statements of Operations and Comprehensive Income.

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 carrying 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, fees paid for legal, advisory, accounting and valuation experts.

Revenue from Contracts with Customers

Commissions and Fees. Commission revenues are recognized on the effective date of the insurance policy, which is the date that the control of the insurance policy transfers to the customer upon satisfaction of the related performance obligation. Fee revenues, negotiated in lieu of commissions, are recognized in the same manner as commission revenue. Fee revenues generated from other services, which include but are not limited to third party claims administration and other risk management consulting services, are recognized throughout the contract term, as the services are rendered, and the related performance obligation is satisfied. Fee revenues received in advance are deferred until the related performance obligation is satisfied which is either on effective date of the insurance policy or over the term of the insurance policy as services transfer to the customer. In certain circumstances, the Company provides more than one performance obligation to the customer that is comprised of placement of an insurance policy and other post-placement services. For consideration allocated to the placement of an insurance policy, the Company recognizes revenue on the policy effective date. Remaining consideration is allocated to other performance obligations based on their relative fair values over the term of the insurance policy, which is generally one year or less, as the services are rendered.

Contingent Revenue. Supplemental and profit-sharing contingent commissions represent variable consideration from insurance carriers that may be received in certain cases separate from commissions and fees and are generally received within one year. 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. 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. These revenues are variable in nature and not determinable until all contingencies are resolved and therefore estimated and recognized at which time significant reversal of contingent revenue is not probable. As such, these contingent revenues are estimated and accrued on the effective date of an insurance policy, with an amount of consideration that will be received from the insurance carrier in the following year.

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 more than 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. Restricted cash includes amounts that have been pledged as collateral for an appeal bond in connection with a legal case for the year ended December 31, 2022. See Note 13 for further discussion.

Trust Cash, Company Payables 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 and company payables on the Consolidated Balance Sheets. The interest income earned on these unremitted funds is reported as other income in the Consolidated Statements of Operations and Comprehensive Income.

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 carrier or carriers. Accordingly, premium receivables are accounts receivable from the insureds. In other circumstances, insurance carriers collect premiums directly from the insureds themselves and upon collection, the insurance carriers remit to the Company its earned commissions. Accordingly, commissions receivables are accounts receivable from insurance carriers.

Investments

The Company indirectly owns a captive insurance company (the Captive) formed and domiciled in the state of Hawaii. The Captive's investments are classified on the Consolidated Balance Sheets of the Company as available-for-sale, which are recorded 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, net within the Consolidated Statements of Operations and Comprehensive Income.

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. 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, net within the Consolidated Statements of Operations and Comprehensive Income.

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 will be recognized equal to the entire difference between the fixed maturity security's amortized cost basis and its fair value at the reporting date consisting of credit and non-credit components. The credit component is recognized in earnings, while the non-credit component is recognized in other comprehensive income. 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. As of December 31, 2022, 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 at the time of purchase or fair value at the date of acquisition 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, net in the Consolidated Statements of Operations and Comprehensive Income. The Company capitalizes certain costs incurred for internally developed and licensed software upon the establishment of technological feasibility. Costs incurred prior to the establishment of technological feasibility are expensed as incurred. Software licenses which are part of cloud computing hosting arrangements are capitalized only if the Company can take possession of the software at any time without significant penalty and can run the software on its own (or on an independent third party's) hardware; otherwise, such costs are expensed as incurred. Costs for capitalizable projects which are not yet current complete are classified as construction in process and are not amortized until they are put into use. Depreciation for fixed assets computed using the straight-line method is calculated using the following estimated useful lives:

Asset Category	Useful Life
Furniture and fixtures	5 to 7 years
Office equipment	5 years
Computer equipment	3 years
Software	3 years
Leasehold improvements	Length of lease or 5 years, whichever is less

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. 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.

The Company tests goodwill for impairment at the reporting unit level by either performing a qualitative assessment or a 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. As of September 30, 2022, the Company performed a quantitative impairment test, in which the Company compared the fair value of each reporting unit with its carrying amount to determine if there is potential impairment of goodwill. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. The Company determined no impairment was required and there were no events or changes since the period following the annual impairment review through December 31, 2022 that caused the Company to perform an interim period impairment assessment.

Definite-lived intangible assets are stated at cost, less accumulated amortization. Customer-related and contract-based assets, noncompete agreements, and tradenames are amortized over the related estimated lives and contract periods, which range from five to twenty years generally on a straight-line basis as the related benefits are consumed. Customer-related and contract-based assets primarily consist of records and files that contain information about insurance policies and the related insured parties that are essential to policy renewals. Favorable lease assets or unfavorable lease liabilities that arise from business combinations before the adoption of Accounting Standards Codification (ASC) 842 are amortized over the remaining term of the respective lease agreements.

Definite-lived intangible assets are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. In reviewing intangible assets for recoverability, if the future expected undiscounted cash flows are less than the carrying amount of the respective asset, the Company recognizes an impairment loss based on any excess of the carrying amount over the fair value of the assets. There were no events that would trigger the company to perform the impairment analysis for the years ended December 31, 2022 and 2021, respectively.

Reserve for Unpaid Losses and Loss Adjustment Expenses

The Captive is licensed as a Class 4 sponsored captive insurance company and, as such, is authorized to be a reinsurer and direct writer of insurance. The Captive writes and reinsures workers' compensation business and excess liability business only for policyholders associated with a subsidiary of the Company.

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 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.

During the year ended December 31, 2022, the Company incurred expenses associated with current period claims of approximately \$9.3 million offset by prior period adjustments of approximately \$1.9 million and made loss and loss adjustment expense payments associated with current and prior period claims of approximately \$1.8 million and \$5.1 million, respectively. During the year ended December 31, 2021, the Company incurred expenses associated with 2021 claims of approximately \$7.7 million offset by prior period adjustments of approximately \$1.9 million and made loss and loss adjustment expense payments associated with 2021 and prior period claims of approximately \$1.0 million and \$4.7 million, respectively. Incurred expenses and prior period adjustments related to the Captive are within Administrative expense in the consolidated financial statements.

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. Upfront commitment fees associated with the Company's revolving loan credit facility are capitalized and amortized ratably over the term of the arrangement.

Derivatives

The Company enters into hedging contracts (interest rate swaps and caps) to manage the associated interest rate risk in its variable interest rate debt obligations at what management believes are acceptable levels. 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 swap 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.

The interest rate cap agreement, which takes effect on March 31, 2023, reduces the Company's exposure to variability in interest-related cash outflows beyond the specified strike rate associated with forecasted variable-rate debt.

The fair value of interest rate swap and cap agreements is recorded on the Consolidated Balance Sheets as an asset or liability with the related gains or losses reported as a component of accumulated other comprehensive income (loss). Changes in fair value are reclassified from accumulated other comprehensive income (loss) into earnings as an adjustment to interest expense in the same period that the hedged items affect earnings. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Equity-based Compensation

The Company's employees are participants in The AssuredPartners Group LP Equity Incentive Plan (Incentive Plan), an equity incentive plan sponsored by the Parent which awards equity units of the Parent to certain participating employees of the Company who have substantial responsibility for the management and growth of the Company. These awards are accounted for as stock-based compensation awards under ASC 718. Compensation expense for these awards is measured as the grant-date fair value of the award using the Black-Scholes pricing model and is recognized in the Consolidated Statements of Operations and Comprehensive Income over the vesting terms of the employees' agreements.

Defined Contribution Plan

The Company sponsors a defined contribution plan covering all employees of the Company that are at least 21 years old and have completed at least one month of service. Under this plan, the Company makes matching contributions of up to 3.0% of each participant's annual compensation. Company matching contributions to the plan were approximately \$8.6 million and \$7.2 million in 2022 and 2021, respectively.

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 because 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.

New Accounting Pronouncements Adopted

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2019-12, Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes (ASU 2019-12). The amendments in ASU 2019-12 simplify the accounting for income taxes by eliminating certain exceptions and clarifying and amending certain aspects of existing guidance. For non-public business entities, ASU 2019-12 is effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after

December 15, 2022. The Company adopted the provisions of this guidance in 2022; it did not have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02) and its related updates, amendments and technical improvements, which requires, among other things, lessees to recognize assets and liabilities for most leases. Under the new standard and its various amendments, a lessee is required to recognize in the Consolidated Balance Sheets, liabilities to make future lease payments and operating lease right-of-use (ROU) assets representing its right to use the underlying assets for the lease term. The recognition, measurement, timing, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous U.S. GAAP.

Prior to the adoption of ASU 2016-02, the Company accounted for leases under ASC 840. Under ASC 840, leases were categorized as either capital or operating leases and the Company recognized rent expense related to leased space on a straight-line basis over the term of the lease. The difference between rent expense and rent paid, if any, is recorded as deferred rent in the Company's Consolidated Balance Sheets.

The Company adopted the new standard as of January 1, 2022, using the transition alternative adoption method for all leases existing at, or entered into after, the period of adoption. Under this approach, prior periods were not restated. Rather, lease balances and other disclosures for prior periods were provided in the notes to the consolidated financial statements as previously reported, and the cumulative effect of initially applying the guidance was recognized in the Consolidated Balance Sheets.

The Company elected the package of practical expedients under ASC 842, which allows a lessee to carryforward their population of existing leases, the classification of each lease, as well as the treatment of initial direct costs as of the period of adoption. In addition, the Company elected the practical expedient to not separate non-lease from lease components and instead account for consideration paid in a contract as a single lease component. The Company did not elect the practical expedient related to hindsight analysis which allows a lessee to use hindsight in determining the lease term and in assessing impairment of the entity's ROU assets. The application of the practical expedient did not have a significant impact on the measurement of the operating lease liability.

The Company has elected to not recognize ROU assets and operating lease liabilities that arise from leases with an initial term of twelve months or less on the Consolidated Balance Sheets. This population consists primarily of the Company's non-real estate leases. However, the Company will recognize these lease payments in the Consolidated Statements of Operations and Comprehensive Income over the lease term and variable lease payments in the period in which the obligation is incurred. The Company has applied this accounting policy across all classes of underlying assets.

Beginning January 1, 2022, ROU assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at the commencement date. Operating leases in effect prior to January 1, 2022 were recognized at the present value of the remaining payments on the remaining lease term as of January 1, 2022. Upon adoption, the Company recognized ROU assets and operating lease liabilities of approximately \$150.8 million. There was no adjustment to retained earnings. Additionally, all operating lease-related balances, such as deferred rent accruals, reflected on the Company's Consolidated Balance Sheets as of December 31, 2021 were reclassified as an adjustment to the opening ROU asset balance in accordance with the new guidance on January 1, 2022. The standard had no impact on the Consolidated Statements of Operations and Comprehensive Income and a non-cash impact on the Consolidated Statements of Cash Flows. Refer to Note 12 for further information including significant assumptions and judgments made.

As a result of applying the transition alternative adoption method, the following adjustments were made to the Consolidated Balance Sheets as of January 1, 2022:

<i>(in thousands)</i>	December 31, 2021	Impacts from Adoption	January 1, 2022
Assets			
Right-of-use assets.....	\$ —	\$ 150,839	\$ 150,839
Liabilities			

(in thousands)	December 31, 2021	Impacts from Adoption	January 1, 2022
Operating lease liabilities, current portion ⁽¹⁾	—	33,632	33,632
Operating lease liabilities, noncurrent portion.....	—	117,206	117,206

(1) Current operating lease liabilities are included in Accrued expenses and other on the Consolidated Balance Sheets.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new guidance and its amendments, which have now been codified as ASC 326, require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable forward-looking information, which is intended to result in more timely recognition of such losses. The new guidance adds an allowance for credit losses impairment model that is based on expected losses rather than incurred losses. The new standard also makes targeted changes to the impairment model for available-for-sale debt securities. Specifically, credit losses identified in securities available for sale are recorded through the use of an allowance, rather than a direct write-down of the security. Such write-downs are reversed in the event of recovery of the credit loss. The new standard is effective for the Company for annual reporting periods beginning after December 15, 2022, and interim periods therein. The Company does not believe its adoption will have a material impact on its consolidated financial statements.

In October 2021, the Financial Accounting Standards Board (FASB) issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The amendment requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities in accordance with Accounting Standards Codification (ASC) Topic 606. ASU 2021-08 is effective for fiscal years beginning after December 15, 2023 and early adoption is permitted. The Company is evaluating the provisions of this standard but does not believe it will have a material impact on the consolidated financial statements.

2. Revenue from Contracts with Customers

Disaggregation of Revenue

Property & Casualty (P&C): The Company's P&C products and services are comprised of a broad range of insurance lines that are offered to middle-market businesses, public institutions, and individuals.

Employee Benefits (EB): The Company places EB products and provides consulting and administrative support services on both fully insured and self-insured EB plan structures for employers of all sizes.

Services & Other: The Company offers various services which include, but are not limited to, risk management, consulting, and third-party administration services to customers in a wide variety of industries.

The following table summarizes revenue from contracts with customers, disaggregated by type of revenue and product for the years ended December 31, 2022 and 2021.

(in thousands)	For the Year Ended December 31, 2022			
	P&C	EB	Services & Other	Total
Commissions and fees.....	\$ 1,309,812	\$ 529,368	\$ 212,927	\$ 2,052,107
Contingent commissions.....	101,738	36,363	23,287	161,388
Total revenues.....	<u>\$ 1,411,550</u>	<u>\$ 565,731</u>	<u>\$ 236,214</u>	<u>\$ 2,213,495</u>

(in thousands)	For the Year Ended December 31, 2021			
	P&C	EB	Services & Other	Total
Commissions and fees.....	\$ 1,137,943	\$ 423,198	\$ 182,295	\$ 1,743,436
Contingent commissions.....	76,810	31,345	—	108,155
Total revenues.....	<u>\$ 1,214,753</u>	<u>\$ 454,543</u>	<u>\$ 182,295</u>	<u>\$ 1,851,591</u>

Contract Balances

The Company presents accounts receivable, net on the Consolidated Balance Sheets, which includes the following components:

	December 31, 2022	December 31, 2021
Billed receivables, net of allowance for doubtful accounts	\$ 344,226	\$ 265,103
Unbilled receivables.....	332,389	288,042
Contract assets	51,668	64,416
Accounts receivable, net of allowance for doubtful accounts	<u>\$ 728,283</u>	<u>\$ 617,561</u>
Deferred revenue, current portion	\$ 50,040	\$ 42,925
Deferred revenue, noncurrent portion	43,081	39,235
Contract Liabilities	<u>\$ 93,121</u>	<u>\$ 82,160</u>

The Company records billed receivables when the right to consideration is unconditional, subject only to the passage of time. Unbilled receivables arise when the Company recognizes revenue for amounts which have not yet been billed in the Company's systems but for which some or all performance obligations have been met. Additionally, contract assets relate to relationships with customers where the Company has completed some or all performance obligations under the contract, however, the Company's right to the receipt of consideration is conditional. These contract assets primarily relate to profit-sharing contingent commissions from insurance carriers for which the revenue cannot be collected until all contingencies are resolved which typically occurs in the following year after the end of the contract period.

Contract liabilities relate to payments received in advance of the Company satisfying performance obligations under its contracts. Contract liabilities are reported as Deferred revenue, current portion and Deferred revenue, noncurrent portion in the Consolidated Balance Sheets as of December 31, 2022 and 2021, respectively.

Deferred Costs

Costs incurred by the Company to obtain a customer contract (costs to obtain) are capitalized and amortized over 15 years based on the expected life of the underlying customer relationships. As of December 31, 2022 and 2021, costs to obtain of approximately \$49.6 million and \$38.4 million, respectively, are recorded within noncurrent assets, net in the Consolidated Balance Sheets. Certain contract related costs, including pre-placement brokerage costs to fulfill a customer contract (costs to fulfill), are capitalized and are amortized on a systematic basis consistent with the transfer of control of the services to which the asset relates, which is generally less than one year. As of December 31, 2022 and 2021, costs to fulfill of approximately \$82.1 million and \$76.0 million, respectively, are recorded within other current assets in the Consolidated Balance Sheets.

3. Business Combinations

The Company completed 44 acquisitions during the year ended December 31, 2022 and 54 acquisitions during the year ended December 31, 2021. The Company acquired substantially all the net assets of the companies primarily in exchange for cash and accounted for these acquisitions using the acquisition method for recording business combinations. The results of the acquired companies are included in the Consolidated Statements of Operations and Comprehensive Income from the date of acquisition. Certain amounts recorded reflect management's best estimate at the balance sheet date and may change during the measurement period (not to exceed one year from date of acquisition). During the year ended December 31, 2022, adjustments made within the permitted measurement period resulted in an increase to goodwill as disclosed in Note 6 and resulted primarily from measurement adjustments to decrease definite-lived intangible assets and increase deferred income tax liabilities, net.

Total consideration transferred during the year ended December 31, 2022 is as follows:

<i>(in thousands)</i>	Gallivan Murphy Insurance Brokers		
	Ltd.	Others	Total
Location	Killarney, IE	Multiple	
Date of acquisition	June 1, 2022	Multiple	
Cash	\$ 107,436	\$ 429,819	\$ 537,255
Purchase price holdback.....	—	1,387	1,387
Notes or other payables.....	—	352	352
Recorded earn-out payable.....	26,428	54,710	81,138
Total consideration transferred	<u>\$ 133,864</u>	<u>\$ 486,268</u>	<u>\$ 620,132</u>
Maximum potential earn-out payable	<u>\$ 74,592</u>	<u>\$ 159,514</u>	<u>\$ 234,106</u>

Amounts of identifiable assets acquired and liabilities assumed for the business combinations occurred during the year ended December 31, 2022 are as follows:

<i>(in thousands)</i>	Gallivan Murphy Insurance Brokers		
	Ltd.	Others	Total
Cash	\$ 6,324	\$ 2,274	\$ 8,598
Restricted cash	—	659	659
Trust cash.....	4,176	3,846	8,022
Other current assets	7,851	22,789	30,640
Fixed assets	243	3,387	3,630
Operating lease assets	—	8,251	8,251
Goodwill	74,529	257,839	332,368
Customer-related and contract-based	50,369	207,668	258,037
Other non-current assets.....	—	11	11
Total assets acquired.....	<u>\$ 143,492</u>	<u>\$ 506,724</u>	<u>\$ 650,216</u>
Current liabilities	9,628	13,936	23,564
Operating lease liabilities, noncurrent portion	—	6,390	6,390
Non-current liabilities	—	130	130
Total liabilities assumed	<u>9,628</u>	<u>20,456</u>	<u>30,084</u>
Total net assets acquired.....	<u>\$ 133,864</u>	<u>\$ 486,268</u>	<u>\$ 620,132</u>

For goodwill acquired during 2022, approximately \$184.0 million is tax deductible and is amortized over 15 years for income tax purposes and approximately \$99.1 million is nondeductible for income tax purposes. The remaining approximately \$49.3 million relates to the acquisition earn-out payables and will not be deductible until it is earned and paid.

Total consideration transferred during the year ended December 31, 2021 is as follows:

<i>(in thousands)</i>	Murray Insurance Associates, Inc.	Fiorella Insurance Agency, Inc.	Ballator Insurance Group, Inc.	The Sterling Group Inc.	Evolution Healthcare, LLC	American Risk Services, LLC	Fred C. Church, Inc.	Other	Total
Location	Lancaster, PA	Stuart, FL	Orlando, FL	Sterling Heights, MI	Baltimore, MD	Cincinnati, OH	Lowell, MA	Multiple	
Date of acquisition....	January 7, 2021	February 26, 2021	June 10, 2021	June 30, 2021	July 16, 2021	December 3, 2021	December 30, 2021	Multiple	
Cash	\$ 93,789	\$ 83,014	\$ 92,932	\$ 124,607	\$ 151,174	\$ 118,251	\$ 150,903	\$ 540,956	\$ 1,355,626
Purchase price holdback	540	3,000	—	—	—	—	7,036	5,560	16,136
Recorded earn-out payable	—	10,520	9,427	—	—	35,340	—	45,802	101,089
Total consideration transferred	<u>\$ 94,329</u>	<u>\$ 96,534</u>	<u>\$ 102,359</u>	<u>\$ 124,607</u>	<u>\$ 151,174</u>	<u>\$ 153,591</u>	<u>\$ 157,939</u>	<u>\$ 592,318</u>	<u>\$ 1,472,851</u>
Maximum potential earn-out payable...	\$ —	\$ 44,550	\$ 32,000	\$ —	\$ —	\$ 68,828	\$ —	\$ 158,237	\$ 303,615

Amounts of identifiable assets acquired and liabilities assumed for the business combinations occurred during the year ended December 31, 2021 are as follows:

<i>(in thousands)</i>	Murray Insurance Associates, Inc.	Fiorella Insurance Agency, Inc.	Ballator Insurance Group, Inc.	The Sterling Group Inc.	Evolution Healthcare, LLC	American Risk Services, LLC	Fred C. Church, Inc.	Other	Total
Cash	\$ 2,660	\$ —	\$ —	\$ —	\$ 1,477	\$ —	\$ 6,046	\$ 2,735	\$ 12,918
Trust cash.....	5,149	—	192	—	—	33	—	4,339	9,713
Other current assets ..	7,327	10,227	2,982	1,737	3,052	696	6,108	37,293	69,422
Fixed assets.....	986	250	350	250	113	168	58	2,353	4,528
Goodwill	40,849	55,519	42,406	75,662	89,381	82,617	86,951	318,481	791,866
Noncompete agreements.....	1,130	—	—	—	—	—	—	—	1,130
Customer-related and contract-based	46,200	35,280	57,573	47,152	58,248	72,337	67,983	244,115	628,888
Other non-current assets	—	—	—	—	—	53	155	55	263
Total assets acquired.....	104,301	101,276	103,503	124,801	152,271	155,904	167,301	609,371	\$1,518,728
Current liabilities	9,894	4,742	1,144	194	1,097	771	9,362	16,786	43,990
Non-current liabilities	78	—	—	—	—	1,542	—	267	1,887
Total liabilities assumed.....	9,972	4,742	1,144	194	1,097	2,313	9,362	17,053	45,877
Total net assets acquired.....	\$ 94,329	\$ 96,534	\$ 102,359	\$ 124,607	\$ 151,174	\$ 153,591	\$ 157,939	\$ 592,318	\$1,472,851

For goodwill acquired during 2021, approximately \$658.2 million is tax deductible and is amortized over 15 years for income tax purposes and approximately \$70.0 million is nondeductible for income tax purposes. The remaining approximately \$63.7 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:

<i>(in thousands)</i>	Year ended December 31,	
	2022	2021
Balances as of beginning of the period	\$ 243,399	\$ 115,579
Estimated earn-out payables from new acquisitions.....	81,138	101,089
Payments for estimated acquisition earn-out payables	(134,346)	(78,785)
Subtotal	190,191	137,883
Net change in earnings from estimated acquisition earn-out payables		
Change in fair value on estimated acquisition earn-out payables	41,500	88,811
Interest expense accretion	49,037	16,705
Net change in earnings from estimated acquisition earn-out payables	90,537	105,516
Balances as of end of the period.....	\$ 280,728	\$ 243,399

4. Investments

The amortized cost and fair value of the financial assets are as follows:

	As of December 31, 2022				As of December 31, 2021			
	Amortized Cost	Gross Unrealized (Losses)	Gross Unrealized Gains	Estimated Fair Value	Amortized Cost	Gross Unrealized (Losses)	Gross Unrealized Gains	Estimated Fair Value
<i>(in thousands)</i>								
Government obligations –								
US government.....	\$ 11,355	\$ (922)	\$ 11	\$ 10,444	\$ 10,652	\$ (108)	\$ 366	\$ 10,910
US agency:								
Residential MBS.....	6,290	(420)	31	5,901	5,829	(35)	134	5,928
Commercial MBS.....	467	(17)	–	450	509	–	13	522
Other ABS.....	2	(1)	–	1	1	(1)	–	–
Total US agency.....	6,759	(438)	31	6,352	6,339	(36)	147	6,450
Total government obligations.....	18,114	(1,360)	42	16,796	16,991	(144)	513	17,360
Corporate bonds:								
United States.....	8,627	(889)	18	7,756	9,638	(102)	238	9,774
Other foreign.....	972	(93)	3	882	1,041	(9)	23	1,055
Total corporate bonds.....	9,599	(982)	21	8,638	10,679	(111)	261	10,829
Non-agency ABS:								
Residential MBS.....	86	(10)	–	76	107	(2)	3	108
Commercial MBS.....	1	(1)	–	–	59	–	–	59
Other ABS.....	2,456	(57)	2	2,401	2,019	(18)	2	2,003
Total non-agency ABS.....	2,543	(68)	2	2,477	2,185	(20)	5	2,170
Total.....	\$ 30,256	\$ (2,410)	\$ 65	\$ 27,911	\$ 29,855	\$ (275)	\$ 779	\$ 30,359

	As of December 31, 2022					
	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
<i>(in thousands, except for investments quantities)</i>						
Government obligations –						
US government.....	23	\$ (559)	\$ 8,608	4	\$ (363)	\$ 1,836
US agency:						
Residential MBS.....	75	(252)	3,488	22	(168)	1,429
Commercial MBS.....	3	(17)	450	–	–	–
Other ABS.....	1	(1)	–	–	–	–
Total US agency.....	79	(270)	3,938	22	(168)	1,429
Total government obligations.....	102	(829)	12,546	26	(531)	3,265
Corporate bonds:						
United States.....	180	(465)	5,358	57	(424)	2,368
Other foreign.....	26	(74)	783	3	(19)	99
Total corporate bonds.....	206	(539)	6,141	60	(443)	2,467
Non-agency ABS:						
Residential MBS.....	6	(10)	76	–	–	–
Commercial MBS.....	2	(1)	–	–	–	–
Other ABS.....	23	(31)	1,261	8	(26)	1,140
Total non-agency ABS.....	31	(42)	1,337	8	(26)	1,140
Total.....	339	\$ (1,410)	\$ 20,024	94	\$ (1,000)	\$ 6,872

The number, fair values, and duration of investments in a continuous loss position are as follows:

	As of December 31, 2021					
	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
<i>(in thousands, except for investments quantities)</i>						
Government obligations –						
US government.....	5	\$ (73)	\$ 2,812	1	\$ (35)	\$ 561
US agency:						
Residential MBS.....	39	(28)	2,363	4	(7)	211
Commercial MBS.....	–	–	–	–	–	–
Other ABS.....	1	(1)	–	–	–	–
Total US agency.....	40	(29)	2,363	4	(7)	211
Total government obligations.....	45	(102)	5,175	5	(42)	772
Corporate bonds:						
United States.....	99	(77)	2,897	9	(25)	433
Other foreign.....	12	(9)	242	–	–	–

As of December 31, 2021						
	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
(in thousands, except for investments quantities)						
Total corporate bonds.....	111	(86)	3,139	9	(25)	433
Non-agency ABS:						
Residential MBS.....	4	(2)	56	—	—	—
Commercial MBS.....	1	—	30	—	—	—
Other ABS.....	24	(18)	1,923	—	—	—
Total non-agency ABS.....	29	(20)	2,009	—	—	—
Total.....	185	\$ (208)	\$ 10,323	14	\$ (67)	\$ 1,205

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, no losses were recognized from OTTIs during the years ended December 31, 2022 and 2021, respectively.

A summary of the amortized cost and fair value of fixed maturity securities, by contractual maturity, is as follows:

	As of December 31, 2022		As of December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(in thousands)				
Due in one year or less.....	\$ 360	\$ 355	\$ 301	\$ 307
Due in over one year through five years	12,394	11,682	12,017	12,387
Due after five through ten years.....	8,190	7,037	8,894	8,927
Due after ten years	10	8	119	118
Total fixed maturity investments.....	20,954	19,082	21,331	21,739
Agency and non-agency MBS and ABS	9,302	8,829	8,524	8,620
Total investments	\$ 30,256	\$ 27,911	\$ 29,855	\$ 30,359

Expected maturities may differ from stated due dates because borrowers may have the right to call or prepay obligations.

5. Fixed Assets, net

Major classes of fixed assets are as follows:

	December 31, 2022	December 31, 2021
(in thousands)		
Office equipment	\$ 11,806	\$ 9,289
Furniture and fixtures.....	35,177	24,141
Computer equipment.....	28,709	24,547
Leasehold improvements	15,243	9,008
Software.....	37,036	17,572
Other.....	640	640
Total fixed assets.....	128,611	85,197
Accumulated depreciation.....	(62,491)	(40,342)
	66,120	44,855
Construction in process.....	1,460	1,758
Fixed assets, net.....	\$ 67,580	\$ 46,613

6. Goodwill and Definite-Lived Intangible Assets, net

The change in goodwill is as follows:

(in thousands)

Balance as of December 31, 2020	\$	3,793,766
Goodwill of acquired businesses.....		791,866
Measurement period adjustment related to purchase accounting		9,465
Balance as of December 31, 2021	\$	4,595,097
Goodwill of acquired businesses.....		332,368
Measurement period adjustment related to purchase accounting		51,103
Balance as of December 31, 2022	\$	4,978,568

The carrying amount of the definite-lived intangible assets, net are as follows:

<i>(in thousands)</i>	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life
Customer-related and contract-based..	\$ 3,597,609	\$ (675,568)	\$ 2,922,041	12.8
Noncomplete agreements	12,714	(8,101)	4,613	2.1
Trade name	6,020	(553)	5,467	6.3
Other	3,895	(1,510)	2,385	9.0
Balances as of December 31, 2022....	\$ 3,620,238	\$ (685,732)	\$ 2,934,506	
Customer-related and contract-based..	\$ 3,389,217	\$ (449,870)	\$ 2,939,347	13.6
Noncomplete agreements	12,714	(4,496)	8,218	2.8
Trade name	2,120	(212)	1,908	9.6
Other	3,881	(1,118)	2,763	9.6
Balances as of December 31, 2021....	\$ 3,407,932	\$ (455,696)	\$ 2,952,236	

The estimated amortization expense for definite-lived intangible assets for the next five years is:

<i>(in thousands)</i>	For the year ending December 31,
2023	\$ 240,282
2024	238,156
2025	236,107
2026	234,802
2027	233,927
Thereafter.....	1,751,232
	\$ 2,934,506

7. Long-term debt, net

The following table sets forth the components of the Company's long-term debt, net as of:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
First lien term loans	\$ 4,235,833	\$ 2,923,162
Revolver loans	—	75,000
Delayed draw term loans.....	—	245,200
2025 Notes, 7%, interest paid semiannually	500,000	500,000
2027 Notes, 8%, interest paid semiannually	475,000	475,000
2029 Notes, 5.625%, interest paid semiannually	550,000	550,000
Obligations under capital lease	2,650	5,914
Total long-term debt.....	5,763,483	4,774,276
Less:.....		
Total unamortized debt discounts and debt issuance costs ⁽¹⁾	(86,743)	(70,799)
Long-term debt, net, current portion	(24,297)	(21,193)
Long-term debt, net, noncurrent portion.....	\$ 5,652,443	\$ 4,682,284

(1) Includes \$20,983 of current unamortized debt discounts and debt issuance costs.

Credit Facility

The Company's Credit Facility (the Credit Facility) consists of (i) first lien term loans (First Lien Term Loans), and (ii) a revolving loan credit facility (Revolver Loans). All obligations under the Credit Facility are unconditionally guaranteed by the Company and certain subsidiaries. All obligations and guarantees of such obligations under the Credit Facility are secured by substantially all assets of the Company and each guarantor, subject to certain exceptions.

The First Lien Term Loans accrue interest at the London Interbank Offered Rate (LIBOR) or Secured Overnight Financing Rate (SOFR) plus an applicable margin of 3.50% - 4.25%. They are not subject to any maintenance financial covenants and they mature in February 2027.

The Revolver Loans have borrowing limits up to approximately \$414.5 million and are scheduled to mature in August 2026. Borrowings under the Revolver Loans accrue interest at SOFR, plus an applicable margin of 3.50%. The Revolver Loans are subject to a springing leverage covenant in the event the aggregate principal amount of outstanding Revolver Loans plus letters of credit exceed 35% of the revolving commitment at the end of each fiscal quarter. Upon becoming subject to the springing covenant, the required ratio of first lien indebtedness (First Lien Term Loans outstanding less operating cash) to EBITDA cannot exceed 7.50:1. The Credit Facility also 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 LIBOR index, used by existing loans under the Credit Facility, was discontinued immediately after December 31, 2021 for one-week and two-month U.S. dollar settings and is expected to be discontinued at the end of June 2023 for remaining U.S. dollar settings. The Company's Credit Facility includes provisions for the administrative agent of the facility to amend the facility to replace LIBOR with an alternate benchmark rate (i.e., SOFR) at such point in time when applicable LIBOR rates are no longer available or no longer deemed reliable.

During 2022, the Company amended the Credit Facility for incremental borrowings and amended the Revolver's terms. The table below represents the key terms of the amendments.

Debt Amendment	Date of Amendment	First Lien Term Loans Borrowed (in millions)	Applicable margin in addition to SOFR	Maturity Date
Credit Facility	February 2, 2022 ⁽¹⁾	\$ 850.00	3.50%	February 2027
Revolver	November 1, 2022 ⁽²⁾	—	3.50%	August 2026
Credit Facility	November 16, 2022 ⁽³⁾	500.00	4.25%	February 2027

- (1) The Company used the proceeds to pay in full outstanding balances of the Delayed Draw Term Loans and the Revolver Loans. The Company incurred a debt loss of \$4.1 million upon the repayment of the Delayed Draw Term Loans in addition to the \$2.1 million discount of the borrowings.
- (2) The amendment replaced LIBOR with SOFR for all Revolver facility borrowings with no change to the applicable margin and increased the letter of credit sublimit from million to \$100.0 million.
- (3) The discount of the borrowings totaled approximately \$17.5 million and the interest accrued of SOFR plus an applicable margin are subject to a 0.50% floor.

During 2021, the Company amended the Credit Facility. The table below represents the key terms of the amendments.

Debt Amendment	Date of Amendment	First Lien Term Loans Borrowed (in millions)	Applicable margin in addition to LIBOR	Maturity Date
Credit Facility	July 6, 2021 ⁽¹⁾	\$ 200.75	3.50%	February 2027
Credit Facility	October 1, 2021 ⁽²⁾	350.00	3.50%	February 2027

- (1) The applicable margin for the incremental borrowings is subject to a 0.50% LIBOR floor and repriced certain borrowings from prior amendments.

- (2) The discount of the borrowings totaled approximately \$5.3 million.

Notes

The Company issued the 2025 Notes, 2027 Notes, and 2029 Notes (the Notes) at par on the following dates as shown in the table below. The Notes may be individually redeemed in whole, or in part, at any time prior to the respective initial redemption dates as shown in the table below, at a redemption price calculated using a formula designed to provide the bondholders with a make-whole premium. Before the initial redemption dates, the Company may also individually redeem the respective Notes, on one or more occasions, at an initial redemption price as noted below, up to 40% of the aggregate principal amount of the respective Notes in an amount not to exceed the net cash proceeds of certain equity offerings provided that at least 50% of the respective Notes from their respective original issue date remain outstanding after giving effect to such redemption. After the initial redemption dates, the Company may redeem the respective notes at the following redemption prices:

	2025 Notes	2027 Notes	2029 Notes
Note amount issued (at par)	\$500 million	\$475 million	\$550 million
Issuance date	August 2, 2017	May 13, 2019	December 10, 2020
Initial redemption before	August 15, 2020	May 15, 2022	December 15, 2023
Initial redemption price (subject to conditions above)	107% + accrued interest	108% + accrued interest	105.625% + accrued interest
Redemption after	August 15, 2020	May 15, 2022	December 15, 2023
Redemption price	103.50%	104%	102.813%
Redemption after	August 15, 2021	May 15, 2023	December 15, 2024
Redemption price	101.75%	102%	101.406%
Redemption after	August 15, 2022	May 15, 2024	December 15, 2025
Redemption price	100%	100%	100%
Maturity date	August 15, 2025	May 15, 2027	January 15, 2029

For the Notes, if the Company experiences certain change of control events, the Company is required to offer to repurchase at 101% of the principal amount of such notes plus accrued and unpaid interest, if any. The Notes also include a change of control portability feature whereby the Company does not have to make an offer to repurchase (and holders of the notes do not have the ability to require such repurchase), so long as the change of control qualifies as a Permitted Change of Control. In order to qualify as a Permitted Change of Control, on the date of the change of control:

- a. The Company's Moody's corporate rating must be B3 (stable) or better, and the Company's S&P corporate rating must be B (stable) or better; and
- b. The Consolidated Total Net Debt Ratio (as defined) is equal to or less than 6.85x (for the 2025 Notes) and 7.00x (for the 2027 Notes and 2029 Notes, respectively).

The Notes are fully and unconditionally guaranteed on a joint-and-several basis by the Company's 100% owned domestic subsidiaries. The 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 and rank equally in right of payment with all existing and future senior indebtedness of the Company, including the existing Credit Facility obligations. The Notes are effectively subordinated to the obligations under the existing Credit Facility, to the extent of the value of the assets securing such indebtedness. The Notes were issued in private transactions that are not subject to the registration requirements of the Securities Act of 1933, or the ongoing reporting requirements of the Securities Act of 1934.

Principal maturities of long-term debt are as follows:

	For the year ending December 31,
(in thousands)	
2023	\$ 45,281
2024	43,747

	For the year ending December 31,
(in thousands)	
2025	543,217
2026	43,198
2027	4,538,040
Thereafter.....	550,000
	<u>\$ 5,763,483</u>

8. Derivatives and Hedging Arrangements

The relevant terms of the Company's interest rate contracts as of December 31, 2022 are as follows:

(in thousands)

Interest Rate Swap Contracts

Contract Start Date	Contract End Date	Notional Value at Reporting Date	Notional Value at End of Contract Period	30 Day LIBOR Rate Above Which Settlement Occurs
May 28, 2021	March 31, 2023	\$ 850,000	\$ 850,000	0.2000%
May 28, 2021	March 31, 2023	850,000	850,000	0.1977%

Interest Rate Cap Contract

Contract Start Date	Contract End Date	Original Notional	Purchased Strike Rate	Benchmark Index
March 31, 2023	September 30, 2024	\$ 3,500,000	5.25%	3-month CME Term SOFR

The fair value of the Company's interest rate contracts at December 31, 2022 and 2021 included within the Consolidated Balance Sheets are as follows:

(in thousands)

2022		2021	
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Other current assets	\$ 23,815	Other current assets	\$ 4,300
Noncurrent assets, net	5,110	Noncurrent assets, net	3,200
	<u>\$ 28,925</u>		<u>\$ 7,500</u>

The Company has not received or pledged any collateral related to any derivative contracts at December 31, 2022.

Changes in fair value are reclassified from accumulated other comprehensive income (loss) into earnings as an adjustment to interest expense in the same period that the hedged items affect earnings. Accordingly, approximately \$(25.7) million and \$25.0 million was reclassified from accumulated other comprehensive income (loss), before taxes to interest expense for the years ended December 31, 2022 and 2021, respectively.

9. Equity and Equity-based Compensation

Class C Profits Interest Units

Class C Profits Interest Units are time-based incentive units awarded to select employees under provisions of the Incentive Plan, which will vest over five years generally from the date of grant subject to the employees'

continued employment with the Company. Total equity-based compensation expense for these Class C Profits Interest Units recognized in the Consolidated Statements of Operations and Comprehensive Income are as follows:

<i>(in thousands)</i>	For the year ended December 31,	
	2022	2021
Compensation expense.....	\$ 16,382	\$ 10,998

The following table summarizes the activity of the Class C Profits Interest Units:

	Units	Weighted-Average Remaining Contractual Terms (in years)
Outstanding at December 31, 2020	103,325,466	
Granted	32,733,592	
Forfeited or expired.....	(7,992,278)	
Outstanding at December 31, 2021	128,066,780	2.09
Granted	40,250,760	
Forfeited or expired.....	(6,768,784)	
Outstanding at December 31, 2022	161,548,756	2.75
Vested or expected to vest at December 31, 2021.....	52,109,312	
Vested or expected to vest at December 31, 2022.....	77,800,937	

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 time period that these profits interest units were expected to be outstanding at the time of grant. The Parent'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. The assumptions used to value Award units issued in 2022 and 2021, and the weighted average grant-date fair value, of those awards, are as follows:

	2022	2021
Risk-free interest rate	4.18%	0.47%
Expected volatility	45.00%	45.00%
Expected life (in years)	1.75	2.75
Weighted average grant-date fair value.....	\$ 0.95	\$ 0.89

10. Income Taxes

The components of the (benefit) provision for income taxes are as follows:

<i>(in thousands)</i>	For the year ended December 31,	
	2022	2021
Current		
Federal	\$ 6,576	\$ —
State	2,829	3,227
Foreign.....	747	572
Total current provision	10,152	3,799
Deferred		
Federal	4,171	6,641
State	(16,112)	7,896

	For the year ended December 31,	
	2022	2021
(in thousands)		
Foreign.....	118	—
Total deferred (benefit) provision	(11,823)	14,537
Total (benefit) provision for income taxes	<u>\$ (1,671)</u>	<u>\$ 18,336</u>

A reconciliation between the effective tax rate and the federal statutory tax rate is as follows:

	For the year ended December 31,	
	2022	2021
Federal statutory rate.....	21.00%	21.00
State income taxes, net of federal benefit.....	(38.70)	36.83
Meals and entertainment	1.32	1.53
Equity-based compensation expense.....	9.59	8.58
Other permanent items	2.69	2.29
Other	(0.56)	(2.09)
Effective tax rate	<u>(4.66)%</u>	<u>68.14%</u>

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:

(in thousands)	December 31, 2022	December 31, 2021
Deferred tax assets		
Transaction costs.....	\$ 6,833	\$ 6,991
Net operating losses	55,702	63,926
Accruals and reserves	4,601	3,868
Charitable contribution carryover	508	1,616
Interest expense carryover	53,684	17,739
Deferred revenue.....	9,008	9,082
Other	1,523	4,405
Subtotal	<u>131,859</u>	<u>107,627</u>
Less: valuation allowance	<u>(7,199)</u>	<u>(7,199)</u>
Total deferred tax assets	<u>124,660</u>	<u>100,428</u>
Deferred tax liabilities		
Fixed assets	(13,305)	(10,575)
Intangible amortization	(443,778)	(433,041)
Deferred cost.....	(34,308)	(29,828)
ASC 606 impact.....	(79,502)	(83,457)
Interest rate contracts	(4,357)	(2,041)
Other	(289)	(115)
Total deferred tax liabilities	<u>(575,539)</u>	<u>(559,057)</u>
Net deferred tax liabilities	<u>\$ (450,879)</u>	<u>\$ (458,629)</u>

As of December 31, 2022, the Company had no unrecognized tax benefits or associated interest or penalties recorded.

As of December 31, 2022, the Company had a federal net operating loss carryforward of \$171.5 million and \$19.7 million net operating loss carryforwards for state income tax reporting purposes. The federal NOL consists of amounts that carryforward indefinitely. The state NOL consists of amounts which expire depending on corresponding state statutes, portions of which will begin to expire in 2027 and portions which carryforward indefinitely.

On March 27, 2020, the CARES Act was signed into law, which included a broad range of tax relief including reduced limitation to interest expense deductions enacted by the Tax Cuts and Jobs Act (TCJA), relief to limits on NOL carrybacks enacted by the TCJA, payroll tax deferrals, and tax credits aimed to provide broad relief to individuals

and businesses directly and indirectly impacted by the COVID-19 pandemic. In accordance with ASC 740, tax effects of changes in tax laws or rates are accounted for in the period of enactment. The Company utilized the payroll tax deferral provision which resulted in a deferred tax asset of approximately \$2.5 million at December 31, 2021. No deferred tax asset existed at December 31, 2022.

On August 16, 2022, the Inflation Reduction Act was signed into law. Management has assessed the legislative change and has determined there are currently no material impacts to the consolidated financial statements.

The Company's net deferred tax assets include a valuation allowance of \$7.2 million as of December 31, 2022 and 2021, 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, 2022 and 2021, the Company had income attributable to foreign subsidiaries of approximately \$4.8 and \$4.0 million, respectively. The TCJA, enacted in 2017, 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.

The Company conducts business and files tax returns in the U.S. and U.K. The Company's U.S. federal returns are subject to examination for the years 2016 and later, due to NOLs generated in 2016. The Company's state returns are subject to examination for the years 2011 and later due to net operating losses generated in 2011 and subsequent years. The Company's U.K. and Belgium returns for the 2021 year are subject to examination and the Company's Ireland returns for the 2021 year are subject to examination indefinitely.

11. Fair Value of Measurements and Financial Instruments

As defined by the FASB, the Company established 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:

The carrying amounts of the Company's financial assets and liabilities, including cash and cash equivalents; restricted cash; trust cash; accounts receivable; accounts payable; customer advances; producer payables; reserve for unpaid losses and loss adjustment expenses; contract assets; contract liabilities and deferred revenue at December 31, 2022 and 2021 approximate fair value because of the short-term maturity of these instruments.

Interest rate contracts 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, and the default probabilities of the bank counterparty are applied to the positive exposures, resulting in a negative credit adjustment. The bilateral credit valuation adjustment is the sum of the positive and negative adjustments.

Earn-out payables are recorded at fair value based on the present value of the expected future payments that are to be made to the sellers of the acquired entities. The Company estimates the future performance of acquired entities using financial projections that are primarily based on EBITDA or revenue targets to be achieved over one to three years. The expected future payments are discounted to present value using a risk-adjusted rate that takes into consideration market-based rates of return that reflect the ability of the acquired entities to achieve the target EBITDA or revenue. Revenue growth rates generally range from 3.0% to 5.0% and the discount rates generally range from 5.0% to 12.0%. On a quarterly basis, the Company reassesses its current estimates of performance relative to the financial targets and adjusts the liability to fair value. Changes in financial projections, market participant assumptions for revenue growth and profitability, or the risk-adjusted discount rate, would result in a change in fair value of recorded earn-out payables. See Note 3 for a reconciliation of acquisition earn-out payables measured at fair value on a recurring basis in the table below that used significant unobservable inputs (Level 3).

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.

U.S. 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:

	December 31, 2022 Fair Value Measurements Using			
	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
<i>(in thousands)</i>				
Assets				
Interest rate contracts	\$ —	\$ 28,925	\$ —	\$ 28,925
Fixed maturity securities:				
U.S. Government	—	10,444	—	10,444
U.S. Agency	—	6,352	—	6,352
U.S. Corporate	—	7,756	—	7,756
Foreign Government	—	882	—	882
Non-agency Residential MBS	—	—	76	76
Non-agency Commercial MBS	—	—	—	—
Non-agency ABS	—	—	2,401	2,401
Total securities:	—	25,434	2,477	27,911
Total assets at fair value	\$ —	\$ 54,359	\$ 2,477	\$ 56,836
Liabilities				
Earn-out payables	—	—	280,728	280,728
Total liabilities at fair value	\$ —	\$ —	\$ 280,728	\$ 280,728

December 31, 2021 Fair Value Measurements Using				
	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
<i>(in thousands)</i>				
Assets				
Interest rate contracts	\$ —	\$ 7,481	\$ —	\$ 7,481
Fixed maturity securities:				
U.S. Government	—	10,910	—	10,910
U.S. Agency	—	6,450	—	6,450
U.S. Corporate	—	9,774	—	9,774
Foreign Government	—	1,055	—	1,055
Non-agency Residential MBS	—	—	107	107
Non-agency Commercial MBS	—	—	60	60
Non-agency ABS	—	—	2,003	2,003
Total securities:	—	28,189	2,170	30,359
Total assets at fair value	\$ —	\$ 35,670	\$ 2,170	\$ 37,840
Liabilities				
Earn-out payables	—	—	243,399	243,399
Total liabilities at fair value	\$ —	\$ —	\$ 243,399	\$ 243,399

There were no financial assets or liabilities recorded at fair value by the Company on a nonrecurring basis at December 31, 2022 or 2021.

12. Leases

The Company enters into lease agreements from time to time primarily for the use of real estate for office space. The Company determines if an arrangement is a lease at the inception of the contract, and the nature of the Company's operations is such that it is generally clear whether an arrangement contains a lease and what underlying asset is being leased. Most of the leases into which the Company enters are operating leases. Upon entering into leases, the Company obtains the right to control the use of an identified space for a lease term and recognize these ROU assets on the Company's Consolidated Balance Sheets with corresponding lease liabilities reflecting the Company's obligation to make the related lease payments. ROU assets are amortized over the term of the lease.

The Company's real estate leases are generally long-term in nature, with terms that typically range from 5 to 15 years. The Company excludes options to extend or terminate a lease from recognition as part of the Company's ROU assets and operating lease liabilities until those options are reasonably certain and/or executed. The Company's lease agreements typically do not contain any material residual value guarantees or restrictive covenants.

In addition to payments for previously-agreed base rent, many of the Company's lease agreements are subject to variable and unknown future payments, typically in the form of common area maintenance charges (a non-lease component as defined by ASC 842) or real estate taxes. These variable payments are excluded from the Company's operating lease liabilities and ROU assets, and instead are recognized as lease expense within administrative expenses on the Consolidated Statements Operations and Comprehensive Income as the amounts are incurred. Variable lease costs are immaterial to the Company.

To the extent that the Company has agreed to fixed charges for common area maintenance or other non-lease components, or the Company's base rent increases by an index or rate (most commonly an inflation rate), these amounts are included in the measurement of the Company's operating lease liabilities and related assets.

From time to time the Company may enter into subleases if it is unable to cancel or fully occupy a space and are able to find an appropriate subtenant. However, entering subleases is not a primary objective of the Company's business operations and these arrangements represent an immaterial amount of cash flows.

The Company utilizes discount rates to determine the present value of the lease payments based on information available at the commencement date of the lease. The Company uses an incremental borrowing rate based

on factors such as the lease term, the Company's credit rating and current market valuations for similarly rated credits in the market, as the rate implicit in the lease is not always readily available. Incremental borrowing rates are updated quarterly and the new rates are used for the acquired leases and lease modifications occurring in the following quarter.

The classification of ROU asset and liability balances within the Consolidated Balance Sheets are as follows (in thousands). Finance lease assets, included within Fixed assets, net, and Finance lease liabilities, included within Long-term debt, net, current portion and Long-term debt, net are considered immaterial.

The following tables provides additional information about the Company's operating leases (in thousands):

Assets	Balance Sheet Classification	As of December 31, 2022
Right-of-use assets	Operating lease right-of-use assets, net.....	<u>\$ 140,851</u>
Liabilities		
Current lease liabilities		
Operating.....	Accrued expenses and other ⁽¹⁾	38,333
Non-current lease liabilities		
Operating.....	Operating lease liabilities, noncurrent portion	112,954
Total operating lease liabilities		<u>\$ 151,287</u>
		As of and For the Year Ended December 31, 2022
Operating lease cost		<u>\$ 49,871</u>
Short-term lease cost.....		1,924
Sublease income		208
Net Lease cost		<u>\$ 52,003</u>
For right-of-use assets as of the end of the year:		
Right-of-use assets - Weighted average remaining lease term (years)		5.2
Right-of-use assets - Weighted average discount rate.....		5.14%
Cash paid for amounts included in measurement of lease liabilities		
Operating cash flows from operating leases	\$	44,789
Non-cash-related activities		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$	47,664

The following table shows the Company's future lease obligations:

<i>(in thousands)</i>	For the Year Ending December 31,
2023	<u>\$ 45,553</u>
2024	35,668
2025	28,723
2026	23,489
2027	15,270
Thereafter.....	28,447
Total undiscounted lease payments.....	177,150
Less: Imputed interest	(25,863)
Present value of lease liabilities	<u>\$ 151,287</u>

Rental expense for the year ended December 31, 2022 and December 31, 2021 for leases totaled approximately \$55.2 million \$50.3 million, respectively.

The Company occupies and leases certain office space owned by employees of the Company. Rent expense incurred for the years ended December 31, 2022 and 2021 under these leases, which is included in the total rent expense above, was approximately \$10.9 million and \$9.3 million, respectively.

13. Commitments and Contingencies

In February 2019, a plaintiff filed suit against his employer and against the Company's indirectly-owned subsidiary, AP Keenan, who served as the employer's workers' compensation insurance administrator, alleging that he was wrongfully terminated from his employment. The plaintiff alleged that AP Keenan repeatedly provided inaccurate medical reports to his employer. Before trial, the plaintiff's employer settled with the plaintiff and agreed to testify that had AP Keenan provided accurate medical reports, the employer would not have fired the plaintiff in January 2018 and would have rehired him in June 2018. In May 2022, a trial jury returned a liability verdict finding that AP Keenan had aided and abetted the employer's violation of California's Fair Employment and Housing Act and that AP Keenan had also conspired with the employer to violate the Act. The jury awarded the plaintiff approximately \$6.9 million in compensatory damages and punitive damages of approximately \$27.6 million bringing the total damages awarded against the Company to approximately \$34.5 million. The Company is appealing these findings and believes that it has a reasonable chance of substantially reducing this award on appeal. Any damages that may result are expected to be fully covered by third-party insurance policies. Restricted cash on the Consolidated Balance Sheets as of December 31, 2022 includes approximately \$52.0 million which has been pledged as collateral for an appeals bond in connection with an appeal of this case. The restriction on cash will lapse when the related litigation is resolved. On the basis of current information, the availability of insurance and legal advice, the Company does not believe that the resolution of this case, or any others in which the Company is involved, would have a material adverse effect on its financial condition, operations, cash flows, individually or in the aggregate.

On October 8, 2021, AP of South Florida, LLC (APSF), an indirectly-owned subsidiary of the Company, was served with a civil investigative demand (CID) from the U.S. Department of Justice (DOJ). The CID seeks information relating to the operation of Fiorella Insurance Agency, Inc. (Fiorella), certain assets of which were purchased by APSF in February 2021. The CID seeks information relating to operations before and after the acquisition of Fiorella by APSF. To date, APSF, through outside counsel, has engaged with the DOJ to respond to requests for documents and coordinate witness interviews. In connection with the investigation, APSF is working with a compliance consultant to evaluate operations, identify areas for improvement and to implement compliance measures.

Other than the matters mentioned above, 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.

14. Supplemental Disclosures of Cash Flow Information and Noncash Financing and Investing Activities

Cash paid for interest and taxes during the fiscal years 2022 and 2021 are summarized as follows:

	For the year ended December 31,	
	2022	2021
(in thousands)		
Interest	\$ 281,973	\$ 225,823
Taxes	9,019	4,788

15. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to December 31, 2022 through March 27, 2023, the date the accompanying consolidated financial statements were available to be issued. During this period, the Company acquired substantially all of the net assets of eight companies with consideration paid of \$98.9

million and maximum potential earn-out payables of \$29.3 million. The nature of all businesses acquired are 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.

AssuredPartners, Inc.
Consolidated Balance Sheets (Unaudited)
(In thousands)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 350,538	\$ 766,261
Restricted cash	60,530	57,409
Trust cash	225,225	266,720
Fixed maturity securities available-for-sale, at fair value	34,184	27,911
Accounts receivable, net of allowance for credit losses of \$6,654 and \$2,978, respectively	870, 886	728,283
Other current assets	105,141	157,845
Total current assets.....	1,646,504	2,004,429
Fixed assets, net.....	91,602	67,580
Goodwill	5,398,912	4,978,568
Definite-lived intangible assets, net.....	2,941,444	2,934,506
Operating lease right-of-use assets, net	143,337	140,851
Other noncurrent assets, net.....	75,490	66,566
Total assets.....	<u>\$ 10,297,289</u>	<u>\$ 10,192,500</u>
LIABILITIES AND EQUITY		
Current liabilities		
Earn-out payables, current portion	\$ 215,610	\$ 196,842
Long-term debt, net, current portion	23,192	24,297
Company payables	485,038	420,215
Accounts payable	62,701	70,963
Customer advances	55,836	67,977
Producer payables	122,185	101,039
Deferred revenue, current portion	53,412	50,040
Reserve for unpaid losses and loss adjustment expenses, current portion	7,543	6,582
Accrued expenses and other	198,570	202,270
Total current liabilities	1,224,087	1,140,225
Earn-out payables, noncurrent portion.....	160,680	83,886
Long-term debt, net, noncurrent portion.....	5,635,269	5,652,443
Operating lease liabilities, noncurrent portion.....	118,596	112,954
Deferred revenue, noncurrent portion.....	44,259	43,081
Reserve for unpaid losses and loss adjustment expenses, noncurrent portion	20,586	21,402
Deferred income tax liabilities, net.....	427,596	450,879
Other noncurrent liabilities	10,420	12,788
Total liabilities	7,641,493	7,517,658
Commitments and contingencies (Note 12)		
Equity		
Capital contribution from the Parent	2,612,259	2,596,750
Accumulated other comprehensive (loss) income.....	(5,360)	9,636
Retained earnings	48,897	68,456
Total equity	2,655,796	2,674,842
Total liabilities and equity.....	<u>\$ 10,297,289</u>	<u>\$ 10,192,500</u>

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
Consolidated Statements of Operations and Comprehensive (Loss) Income (Unaudited)
(In thousands)

	For the Nine Months Ended September 30,	
	2023	2022
Revenues		
Commissions and fees.....	\$ 1,768,236	\$ 1,565,225
Contingent revenue	152,866	106,515
Total revenues	1,921,102	1,671,740
Expenses		
Compensation expense.....	1,059,228	917,106
Selling expense	32,454	28,579
Administrative expense.....	251,468	211,774
Transaction expense.....	10,136	2,253
Increase (decrease) in fair value of earn-out payables, net	20,043	53,060
Depreciation and amortization expense	204,090	183,755
Total operating expenses	1,577,419	1,396,527
Income from operations.....	343,683	275,213
Interest expense.....	(355,059)	(210,838)
Loss on debt extinguishment	—	(4,143)
Accretion on fair value of earn-out payables, net	(33,042)	(34,451)
Other income, net.....	24,081	312
(Loss) income before income taxes	(20,337)	26,093
(Provision) benefit for income taxes	778	(11,745)
Net (loss) income.....	\$ (19,559)	\$ 14,348
Other comprehensive (loss) income, before tax		
Foreign currency translation adjustments.....	(2,439)	(4,380)
Change in fair value of fixed maturity securities available-for-sale.....	(553)	(3,119)
Change in fair value of derivative instruments.....	(16,392)	24,747
Other comprehensive (loss) income, before taxes	(19,384)	17,248
Income tax (provision) benefit related to items of other comprehensive income	4,388	(5,805)
Other comprehensive (loss) income	(14,996)	11,443
Comprehensive (loss) income	\$ (34,555)	\$ 25,791

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
Consolidated Statements of Equity (Unaudited)
(In thousands)

	Capital Contribut ion from Parent	Retained Earnings	Accumulat ed Other Comprehe nsive (Loss) income	Total
Balances at December 31, 2021	\$2,580,368	\$ 30,924	\$ 5,711	\$2,617,003
Change in fair value of derivative instruments, net of taxes ...	-	-	18,287	18,287
Change in fair value of fixed maturity securities available- for-sale, net of taxes	-	-	(2,464)	(2,464)
Foreign currency translation.....	-	-	(4,380)	(4,380)
Compensation expense related to incentive units.....	10,661	-	-	10,661
Net income	-	14,348	-	14,348
Balances at September 30, 2022	<u>\$2,591,029</u>	<u>\$ 45,272</u>	<u>\$ 17,154</u>	<u>\$2,653,455</u>
 Balances at December 31, 2022	 \$2,596,750	 \$ 68,456	 \$ 9,636	 \$2,674,842
Change in fair value of derivative instruments, net of taxes ...	-	-	(12,121)	(12,121)
Change in fair value of fixed maturity securities available- for-sale, net of taxes	-	-	(436)	(436)
Foreign currency translation.....	-	-	(2,439)	(2,439)
Compensation expense related to incentive units.....	15,509	-	-	15,509
Net loss.....	-	(19,559)	-	(19,559)
Balances at September 30, 2023	<u>\$2,612,259</u>	<u>\$ 48,897</u>	<u>\$ (5,360)</u>	<u>\$2,655,796</u>

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	For the Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities		
Net (loss) income	\$ (19,559)	\$ 14,348
Adjustments to net (loss) income to net cash provided by operating activities		
Amortization	184,577	167,851
Depreciation	19,513	15,904
Non-cash lease expense	1,035	-
Credit loss expense	2,355	1,264
Equity-based compensation	15,509	10,661
Change in estimated acquisition earn-out payables	52,576	87,040
Payments on acquisition earn-outs in excess of original estimated payables	(25,351)	(87,230)
Amortization of interest rate cap premium	3,579	-
Amortization of debt discount and debt issuance costs	16,481	12,749
Deferred income taxes	(18,896)	10,896
Loss on debt extinguishment	-	4,143
(Gain) loss on sale of book of business	(465)	1,019
Other, net	1,245	301
Changes in operating assets and liabilities, net of effect from acquisitions		
Accounts receivable	(104,067)	(98,014)
Other assets	23,988	20,792
Company payables	64,823	42,960
Accounts payable	(29,872)	(3,441)
Customer advances	(13,152)	(11,757)
Producer payables	17,283	6,079
Accrued interest	(7,282)	(6,571)
Other accrued expenses	(5,636)	10,307
Reserve for unpaid losses and loss adjustment expenses	145	(41)
Deferred revenue	4,550	9,361
Other liabilities	(3,151)	(3,110)
Net cash provided by operating activities	180,228	205,511
Cash flows from investing activities		
Additions to fixed assets	(41,978)	(29,820)
Payments for businesses, net of cash acquired	(519,275)	(392,405)
Payments for customer accounts acquired	(159)	(72)
Purchases of fixed maturity securities	(11,153)	(5,658)
Proceeds from sales and maturities of fixed maturity securities	4,237	5,897
Proceeds from sales of books of business	1,417	503
Net cash used in investing activities	(566,911)	(421,555)
Cash flows from financing activities		
Payments on acquisition holdback	(2,470)	(8,347)
Payments on acquisition earn-out payables	(31,120)	(35,587)
Proceeds from issuance of long-term debt, net of discount	-	847,875
Payments on long-term debt	(32,398)	(271,729)
Payments on revolver loans	-	(75,000)
Payments on capitalized debt issuance costs	-	(9,855)
Other, net	(1,426)	(2,351)
Net cash (used in) provided by financing activities	(67,414)	445,006
Net (decrease) increase in cash, cash equivalents, restricted cash and trust cash	(454,097)	228,962
Cash, cash equivalents, restricted cash and trust cash, beginning of period	1,090,390	484,385
Cash, cash equivalents, restricted cash and trust cash, end of period	636,293	713,347
Less: Restricted cash	60,530	57,292
Less: Trust cash	225,225	233,520
Cash and cash equivalents	\$ 350,538	\$ 422,535

The accompanying notes are an integral part of these consolidated financial statements.

AssuredPartners, Inc.
Notes to Consolidated Financial Statements (Unaudited)

Note 1 — Overview and Summary of Significant Accounting Policies

AssuredPartners, Inc. and its subsidiaries (the Company) is a wholly-owned subsidiary of The AssuredPartners Group LP (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 has over 9,900 employees in approximately 410 offices in forty states across the U.S., the District of Columbia, United Kingdom (U.K.), Ireland and Belgium. Since its founding in 2011, the Company has built a broad insurance distribution 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 and professional and individual customers.

Principles of Consolidation

The accompanying unaudited interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany account balances and transactions have been eliminated in the unaudited interim consolidated financial statements.

Basis of Preparation

The accompanying unaudited interim consolidated financial statements include the accounts of the Company. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, certain information and footnote disclosures normally included in the Company's annual consolidated financial statements have been condensed or omitted. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and related notes for the fiscal year ended December 31, 2022.

Use of Estimates

The preparation of these unaudited interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions affect the reported amounts of assets and liabilities and revenues and expenses as well as disclosures of contingent assets and liabilities, at the date of the consolidated financial statements. The principal estimates used include the allocation of purchase price to the fair value of net assets acquired in connection with acquisitions, the valuation of earn-out payables, revenue recognition, equity-based compensation, assessments regarding potential impairment of assets, and the estimated fair value of financial instruments. Actual results may differ from those estimates.

Leases

The Company adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) effective January 1, 2022, using the transition alternative adoption method for all leases existing at, or entered into after, the period of adoption. Under this approach, prior periods were not restated. Rather, lease balances and other disclosures for prior periods were provided in the notes to the consolidated financial statements as previously reported, and the cumulative effect of initially applying the guidance was recognized in the Consolidated Balance Sheets at December 31, 2022.

The Company enters into lease agreements from time to time primarily for the use of real estate for office space. The Company determines if an arrangement is a lease at the inception of the contract, and the nature of the Company's operations is such that it is generally clear whether an arrangement contains a lease and the nature of the underlying asset being leased. The Company's real estate leases are generally long-term in nature, with terms that typically range from 5 to 15 years. The Company excludes options to extend or terminate a lease from recognition as part of the Company's ROU assets and operating lease liabilities until those options are reasonably certain and/or executed. The Company's lease agreements typically do not contain any material residual value guarantees or restrictive covenants.

Most of the leases into which the Company enters are operating leases. Upon entering these leases, the Company obtains the right to control the use of an identified space for a lease term and recognize these right-of-use (ROU) assets on the Company's Consolidated Balance Sheets with corresponding lease liabilities reflecting the Company's obligation to make the related lease payments.

The Company made the short-term lease exemption accounting policy election to not recognize a lease liability or ROU asset on the consolidated balance sheets for leases with an initial term of 12 months or less. Operating lease expense on ROU assets under operating leases is amortized on a straight-line basis over the term of the lease, inclusive of rent escalation provisions and rent holidays, as a component of other operating expense in the consolidated statements of comprehensive income.

The Company utilizes discount rates to determine the present value of the lease payments based on information available at the commencement date of the lease. The Company uses an incremental borrowing rate based on factors such as the lease term, the Company's credit rating and current market valuations for similarly rated credits in the market, as the rate implicit in the lease is not always readily available. Incremental borrowing rates are updated quarterly and the new rates are used for the acquired leases and lease modifications occurring in the following quarter.

The Company elected the practical expedient to not separate non-lease and lease components and instead account for them as a single lease component for all classes of underlying assets. The Company does not include variable payments that are not based on an index or rate in the single lease component, regardless of whether they are related to the lease or non-lease component.

From time to time the Company may enter into subleases if it is unable to cancel or fully occupy a space and are able to find an appropriate subtenant. However, entering subleases is not a primary objective of the Company's business operations and these arrangements represent an immaterial amount of cash flows.

New Accounting Pronouncements Adopted

In September 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new guidance and its amendments, which have now been codified as ASC 326, require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable forward-looking information, which is intended to result in more timely recognition of such losses. The new guidance adds an allowance for credit losses impairment model that is based on expected losses rather than incurred losses. The new standard also makes targeted changes to the impairment model for available-for-sale debt securities. Credit losses on available-for-sale debt securities are now limited to the difference between the security's amortized cost basis and its fair value and should be recognized through an allowance for credit losses rather than as a direct reduction in amortized cost basis. Effective January 1, 2023, the Company adopted the new standard, which did not have a material impact on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for accounting for contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships and other transactions that reference London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. These amendments, along with the amendments within ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which extended the period companies can utilize the reference rate reform relief guidance in Topic 848, may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2024. The LIBOR index, used by existing loans under the Credit Facility, was discontinued immediately after December 31, 2021 for one-week and two-month U.S. dollar settings. The Company's Credit Facility included provisions for the administrative agent of the facility to amend the facility to replace LIBOR with an alternate benchmark rate (i.e., Secured Overnight Financing Rate, or SOFR). In April 2023, the Company and the administrative agent amended the terms of the Credit Facility (Amendment 18) to replace LIBOR with SOFR. As a result of this amendment, the Company adopted ASU 2020-04, effective April 1, 2023, which did not have a material impact on the consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (ASU 2021-08) which made improvements to the guidance by addressing diversity in practice and inconsistency related to the recognition of an acquired contract liability and payment terms and their effect on subsequent revenue recognized by the acquirer. The amendments in ASU 2021-08 require that the Company recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606. The amendments in ASU 2021-08 also provide certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination. The amendments in ASU 2021-08 are effective for non-public business entities in fiscal years beginning after December 15, 2023, and interim periods within those fiscal years; however, effective January 1, 2023, the Company elected to early adopt this new standard, which did not have a material impact on the consolidated financial statements.

Note 2. — Revenue from Contracts with Customers

Commissions and Fees. Commission revenues are recognized on the effective date of the insurance policy, which is the date that the control of the insurance policy transfers to the customer upon satisfaction of the related performance obligation. Fee revenues, negotiated in lieu of commissions, are recognized in the same manner as commission revenue. Fee revenues generated from other services, which include but are not limited to third party claims administration and other risk management consulting services, are recognized throughout the contract term, as the services are rendered, and the related performance obligation is satisfied. Fee revenues received in advance are deferred until the related performance obligation is satisfied which is either on effective date of the insurance policy or over the term of the insurance policy as services transfer to the customer. In certain circumstances, the Company provides more than one performance obligation to the customer that is comprised of placement of an insurance policy and other post-placement services. For consideration allocated to the placement of an insurance policy, the Company recognizes revenue on the policy effective date. Remaining consideration is allocated to other performance obligations based on their relative fair values over the term of the insurance policy, which is generally one year or less, as the services are rendered.

Contingent Revenue. Supplemental and profit-sharing contingent commissions represent variable consideration from insurance carriers that may be received in certain cases separate from commissions and fees and are generally received within one year. 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. 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. These revenues are variable in nature and not determinable until all contingencies are resolved and therefore estimated and recognized at which time significant reversal of contingent revenue is not probable. As such, these contingent revenues are estimated and accrued on the effective date of an insurance policy.

Disaggregation of Revenue

Property & Casualty (P&C): The Company's P&C products and services are comprised of a broad range of insurance lines that are offered to middle-market businesses, public institutions, and individuals.

Employee Benefits (EB): The Company places EB products and provides consulting and administrative support services on both fully insured and self-insured EB plan structures for employers of all sizes.

Services & Other: The Company offers various services which include, but are not limited to, risk management, consulting, and third-party administration services to customers in a wide variety of industries.

The following table summarizes revenue from contracts with customers, disaggregated by type of revenue and by product line, for the nine months ended September 30, 2023 and 2022:

(in thousands)	For the Nine Months Ended September 30,	
	2023	2022
P&C		
Commissions and fees.....	\$ 1,152,542	\$ 997,453
Contingent revenue	88,768	68,740

	For the Nine Months Ended September 30,	
	2023	2022
<i>(in thousands)</i>		
Total P&C revenue.....	\$ 1,241,310	\$ 1,066,193
EB		
Commissions and fees.....	\$ 436,459	\$ 411,284
Contingent revenue.....	53,922	37,775
Total EB revenue.....	\$ 490,381	\$ 449,059
Services & Other		
Commissions and fees.....	\$ 179,235	\$ 156,488
Contingent revenue.....	10,176	-
Total Services & Other revenue	\$ 189,411	156,488
Total		
Commissions and fees.....	1,768,236	1,565,225
Contingent revenue	152,866	106,515
Total Revenues.....	\$ 1,921,102	\$ 1,671,740

Note 3. — Contract Balances

The Company presents contract assets and contract liabilities as reflected below:

	September 30,	December 31,
	2023	2022
<i>(in thousands)</i>		
Billed receivables, net of allowance for credit losses	\$ 410,696	\$ 344,226
Unbilled receivables	390,812	332,389
Contract assets	69,378	51,668
Accounts receivable, net of allowance for credit losses	\$ 870,886	\$ 728,283
Deferred revenue, current portion	53,412	50,040
Deferred revenue, noncurrent portion	44,259	43,081
Contract liabilities	\$ 97,671	\$ 93,121

The Company records billed receivables when the right to consideration is unconditional, subject only to the passage of time. Unbilled receivables arise when the Company recognizes revenue for amounts which have not yet been billed but for which some or all performance obligations have been met. Additionally, contract assets relate to relationships with customers where the Company has completed some or all performance obligations under the contract, however, the Company's right to the receipt of consideration is conditional. These contract assets primarily relate to profit-sharing contingent commissions from insurance carriers for which the revenue cannot be collected until all contingencies are resolved which typically occurs in the following year after the end of the contract period.

Contract liabilities relate to payments received in advance of the Company satisfying performance obligations under its contracts. Contract liabilities are reported as Deferred revenue, current portion and Deferred revenue, noncurrent portion in the Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022, respectively.

Deferred Costs

Costs incurred by the Company to obtain a customer contract (costs to obtain) are capitalized and amortized over 15 years based on the expected life of the underlying customer relationships. As of September 30, 2023 and December 31, 2022, costs to obtain of approximately \$57.8 million and \$49.6 million, respectively, are recorded within noncurrent assets, net in the Consolidated Balance Sheets. Certain contract related costs, including pre-placement brokerage costs to fulfill a customer contract (costs to fulfill), are capitalized and are amortized on a systematic basis consistent with the transfer of control of the services to which the asset relates, which is generally less than one year. As of September 30, 2023 and December 31, 2022, costs to fulfill of approximately \$47.4 million and \$82.1 million, respectively, are recorded within other current assets in the Consolidated Balance Sheets.

Note 4. — Business Combinations

The Company completed 34 acquisitions during the nine months ended September 30, 2023. The Company acquired substantially all the net assets of the companies primarily in exchange for cash and accounted for these acquisitions using the acquisition method for recording business combinations. The results of the acquired companies are included in the Consolidated Statements of Operations and Comprehensive Income from the date of acquisition. Certain amounts recorded reflect management's best estimate at the balance sheet date and may change during the measurement period (not to exceed one year from date of acquisition). During the nine months ended September 30, 2023, adjustments made within the permitted measurement period resulted in an increase to goodwill as disclosed in Note 6 and resulted primarily from measurement adjustments to increase definite-lived intangible assets and increase deferred income tax liabilities, net.

Total consideration transferred during the nine months ended September 30, 2023 was as follows:

	Your Way Medicare Insurance, LLC	Breckenridge Insurance Solutions, Inc.	Other	Total
<i>(in thousands)</i>				
Location	Chicago, IL	Kennesaw, GA	Multiple	
Date of Acquisition	September 7, 2023	June 1, 2023	Multiple	
Cash	\$ 90,000	\$ 108,428	\$ 342,881	\$ 541,309
Notes or other payables.....	-	-	833	833
Purchase price holdback	-	958	759	1,717
Recorded earn-out payable	60,945	-	38,503	99,448
Total consideration transferred.....	<u>\$ 150,945</u>	<u>\$ 109,386</u>	<u>\$ 382,976</u>	<u>\$ 643,307</u>
Maximum potential earn-out payable	<u>\$ 80,000</u>	<u>-</u>	<u>\$ 113,430</u>	<u>\$ 193,430</u>

Amounts of identifiable assets acquired and liabilities assumed for the business combinations completed during the nine months ended September 30, 2023 were as follows:

<i>(in thousands)</i>	Your Way Medicare Insurance, LLC	Breckenridge Insurance Solutions, Inc.	Other	Total
Cash	\$ 2,318	\$ -	\$ 5,264	\$ 7,582
Trust cash.....	-	8,669	5,783	14,452
Operating lease right-of-use assets	-	421	5,116	5,537
Other current assets.....	10,548	14,729	16,104	41,381
Fixed assets	180	43	1,334	1,557
Goodwill	139,597	61,541	226,715	427,850
Customer-related and contract-based.....	-	44,481	141,652	186,133
Other noncurrent assets.....	-	-	12	12
Total assets acquired.....	\$ 152,640	\$ 129,884	\$ 401,980	\$ 684,504
Current liabilities	1,695	20,223	14,165	36,083
Lease liability.....	-	275	4,828	5,103
Other noncurrent liabilities	-	-	11	11
Total liabilities assumed.....	1,695	20,498	19,004	41,197
Total net assets acquired.....	\$ 150,945	\$ 109,386	\$ 382,976	\$ 643,307

For goodwill acquired during 2023, approximately \$271.3 million, of \$427.8 million in goodwill, is tax deductible and is amortized over 15 years for income tax purposes starting in the current year and \$58.5 million is nondeductible for income tax purposes. The remaining \$98.0 million relates to the acquisition earn-out payables and will not be deductible until it is earned and paid.

A reconciliation of acquisition earn-out payables at September 30, 2023 and the activity for the nine months ended September 30, 2023 is as follows:

<i>(in thousands)</i>	
Balance as of beginning of the period	\$ 280,728
Estimated earn-out payables from new acquisitions	99,448
Payments for acquisition earn-out payables.....	(56,471)
Deferred payments for acquisition earn-out payables.....	(500)
Subtotal	323,205
Net change in earnings from estimated acquisition earn-out payables	
Change in fair value on estimated acquisition earn-out payables	20,043
Interest expense accretion	33,042
Net change in earnings from estimated acquisition earn-out payables	53,085
Balance as of end of the period.....	\$ 376,290

Note 5. — Investments

The amortized cost and fair value of the financial assets are as follows:

<i>(in thousands)</i>	As of September 30, 2023				As of December 31, 2022			
	Amortize d Cost	Gross Unrealize d (Losses)	Gross Unrealize d Gains	Fair Value	Amortize d Cost	Gross Unrealize d (Losses)	Gross Unrealize d Gains	Fair Value
Government obligations -								
US government.....	\$ 17,136	\$ (1,291)	\$ 31	\$ 15,876	\$ 11,355	\$ (922)	\$ 11	\$ 10,444
US agency:								
Residential MBS	7,308	(649)	15	6,674	6,290	(420)	31	5,901
Commercial MBS	454	(13)	-	441	467	(17)	-	450
Other ABS.....	1	(1)	-	-	2	(1)	-	1
Total US agency	7,763	(663)	15	7,115	6,759	(438)	31	6,352
Total government obligations	24,899	(1,954)	46	22,991	18,114	(1,360)	42	16,796
Corporate bonds:								

United States	8,159	(873)	19	7,305	8,627	(889)	18	7,756
Other foreign	986	(89)	3	900	972	(93)	3	882
Total corporate bonds	9,145	(962)	22	8,205	9,599	(982)	21	8,638
Non-agency ABS:								
Residential MBS	76	(9)	1	68	86	(10)	-	-76
Commercial MBS	1	(1)	-	-	1	(1)	-	-
Other ABS	2,961	(43)	2	2,920	2,456	(57)	2	2,401
Total non-agency ABS	3,038	(53)	3	2,988	2,543	(68)	2	2,477
Total	\$ 37,082	\$ (2,969)	\$ 71	\$ 34,184	\$ 30,256	\$ (2,410)	\$ 65	\$ 27,911

The number, fair values, and duration of investments in a continuous loss position are as follows:

<i>(in thousands except for investment quantities)</i>	As of September 30, 2023					
	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	28	\$ (295)	\$ 7,094	22	\$ (996)	\$ 8,781
US agency:						
Residential MBS	79	(195)	3,081	75	(454)	3,594
Commercial MBS	-	-	-	4	(13)	442
Other ABS	1	(1)	-	-	-	-
Total US agency	80	(196)	3,081	79	(467)	4,036
Total government obligations	108	(491)	10,175	101	(1,463)	12,817
Corporate bonds:						
United States	229	(62)	898	161	(811)	6,408
Other foreign	27	(5)	144	23	(84)	756
Total corporate bonds	256	(67)	1,042	184	(895)	7,164
Non-agency ABS:						
Residential MBS	5	(6)	29	3	(3)	37
Commercial MBS	2	(1)	--	-	-	-
Other ABS	56	(26)	2,072	13	(17)	848
Total non-agency ABS	63	(33)	2,101	16	(20)	885
Total	427	\$ (591)	\$ 13,318	301	\$ (2,378)	\$ 20,866

<i>(in thousands except for investment quantities)</i>	As of December 31, 2022					
	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	23	\$ (559)	\$ 8,608	4	\$ (363)	\$ 1,836
US agency:						
Residential MBS	75	(252)	3,488	22	(168)	1,429
Commercial MBS	3	(17)	450	-	-	-
Other ABS	1	(1)	-	-	-	-
Total US agency	79	(270)	3,938	22	(168)	1,429
Total government obligations	102	(829)	12,546	26	(531)	3,265
Corporate bonds:						
United States	180	(465)	5,358	57	(424)	2,368
Other foreign	26	(74)	783	3	(19)	99
Total corporate bonds	206	(539)	6,141	60	(443)	2,467
Non-agency ABS:						
Residential MBS	6	(10)	76	-	-	-
Commercial MBS	2	(1)	-	-	-	-
Other ABS	23	(31)	1,261	8	(26)	1,140
Total non-agency ABS	31	(42)	1,337	8	(26)	1,140
Total	339	\$ (1,410)	\$ 20,024	94	\$ (1,000)	\$ 6,872

The Company reviews its available-for-sale debt securities for credit loss impairment at the individual security level on at least a quarterly basis. A security is impaired if its fair value is less than its amortized cost basis. A decline in fair value below amortized cost basis represents a credit loss impairment to the extent the Company does not expect to recover the amortized cost basis of the security. Impairment related to credit losses is recorded through an allowance for credit losses to the extent fair value is less than the amortized cost basis. Declines in fair value that have not been recorded through the allowance for credit losses are recorded through other comprehensive income, net of applicable taxes.

No securities were determined to be credit loss impaired during the nine months ended September 30, 2023, or other than temporarily impaired (OTTI) during the nine months ended September 30, 2022. At September 30, 2023, the Company did not have an intent to sell securities that were in unrealized loss positions and it was not more likely than not that the Company would be required to sell these securities before recovery of the amortized cost basis, which may be at maturity. In making this determination, the Company considered its current and projected liquidity position, its investment policy as to permissible holdings and concentration limits, regulatory requirements and other relevant factors.

A summary of the amortized cost and fair value of fixed maturity securities, by contractual maturity, is as follows:

<i>(in thousands)</i>	As of September 30, 2023		As of December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less.....	\$ 696	\$ 686	\$ 360	\$ 355
Due in over one year through five years.....	16,898	15,886	12,394	11,682
Due after five through ten years.....	8,627	7,451	8,190	7,037
Due after ten years.....	60	58	10	8
Total fixed maturity investments	26,281	24,081	20,954	19,082
Agency and non-agency MBS and ABS.....	10,801	10,103	9,302	8,829
Total investments	<u>\$ 37,082</u>	<u>\$ 34,184</u>	<u>\$ 30,256</u>	<u>\$ 27,911</u>

Expected maturities may differ from stated due dates because borrowers may have the right to call or prepay obligations.

Note 6. — Goodwill and Definite-Lived Intangible Assets

The change in goodwill is as follows:

<i>(in thousands)</i>	
Balance as of December 31, 2022	\$ 4,978,568
Goodwill of acquired businesses	427,850
Goodwill adjustment related to purchase accounting	(7,506)
Balance as of September 30, 2023	<u>\$ 5,398,912</u>

The carrying amount of the definite-lived intangible assets are as follows:

<i>(in thousands)</i>	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life
Customer-related and contract-based.....	\$ 3,785,251	\$ (857,207)	\$2,928,044	12.4
Noncompete agreements.....	12,714	(10,328)	2,386	2.0
Trade name	9,850	(972)	8,878	13.1
Other	3,895	(1,759)	2,136	8.5
Balances as of September 30, 2023	<u>\$ 3,811,710</u>	<u>\$ (870,266)</u>	<u>\$2,941,444</u>	
Customer-related and contract-based.....	\$ 3,597,609	\$ (675,568)	\$2,922,041	12.8
Noncompete agreements.....	12,714	(8,101)	4,613	2.1
Trade name	6,020	(553)	5,467	12.6
Other	3,895	(1,510)	2,385	9.0

<i>(in thousands)</i>	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life
Balances as of December 31, 2022	\$ 3,620,238	\$ (685,732)	\$2,934,506	

Estimated amortization expense for definite-lived intangible assets for the next five years at the end of the reporting period is:

<i>(in thousands)</i>	
2023 (remaining)	\$ 62,638
2024	250,949
2025	249,188
2026	248,135
2027	247,129
Thereafter	1,883,405
	<u>\$ 2,941,444</u>

Note 7. — Long-term debt, net

The following table sets forth the components of the Company's long-term debt, net as of:

<i>(in thousands)</i>	September 30, 2023	December 31, 2022
First lien term loans	\$ 4,203,435	\$ 4,235,833
Revolver loans	-	-
2025 Notes, 7%, interest paid semiannually	500,000	500,000
2027 Notes, 8%, interest paid semiannually	475,000	475,000
2029 Notes, 5.625%, interest paid semiannually	550,000	550,000
Obligations under capital lease	1,066	2,650
Total long-term debt	<u>5,729,501</u>	<u>5,763,483</u>
Less:		
Total unamortized debt discounts and debt issuance costs(1)(2)	(71,040)	(86,743)
Long-term debt, net, current portion	<u>(23,192)</u>	<u>(24,297)</u>
Long-term debt, net, noncurrent portion	<u>\$ 5,635,269</u>	<u>\$ 5,652,443</u>

- (1) Includes \$20,964 and \$20,983 at September 30, 2023 and December 31, 2022, respectively, of current unamortized debt discounts and debt issuance costs.
- (2) Unamortized debt issuance costs associated with the revolver loans approximate \$2,984 and \$3,761 at September 30, 2023 and December 31, 2022, respectively, and are classified as other current assets.

Credit Facility

The Company's Credit Facility (the Credit Facility) consists of (i) first lien term loans (First Lien Term Loans), and (ii) a revolving loan credit facility (Revolver Loans). All obligations under the Credit Facility are unconditionally guaranteed by the Company and certain subsidiaries. All obligations and guarantees of such obligations under the Credit Facility are secured by substantially all assets of the Company and each guarantor, subject to certain exceptions.

The First Lien Term Loans accrue interest at LIBOR or Secured Overnight Financing Rate (SOFR) plus an applicable margin of 3.50% - 4.25%. They are not subject to any maintenance financial covenants and they mature in February 2027.

The Revolver Loans have borrowing limits up to approximately \$414.5 million and are scheduled to mature in August 2026. Borrowings under the Revolver Loans accrue interest at SOFR, plus an applicable margin of 3.50%. The Revolver Loans are subject to a springing leverage covenant in the event the aggregate principal amount of outstanding Revolver Loans plus letters of credit exceed 35% of the revolving commitment at the end of each fiscal quarter. Upon becoming subject to the springing covenant, the required ratio of first lien indebtedness (First Lien Term Loans

outstanding less operating cash) to earnings before interest, taxes, depreciation and amortization (EBITDA) cannot exceed 7.50:1. The Credit Facility also 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).

During 2022, the Company amended the Credit Facility for incremental borrowings and amended the Revolver's terms. The table below represents the key terms of the amendments.

Debt Amendment	Date of Amendment	First Lien Term Loans Borrowed (in millions)	Applicable margin in addition to SOFR	Maturity Date
Credit Facility.....	February 2, 2022 ⁽¹⁾	850.00	3.50%	February 2027
Revolver	November 1, 2022 ⁽²⁾	-	3.50%	August 2026
Credit Facility.....	November 16, 2022 ⁽³⁾	500.00	4.25%	February 2027

- (1) The Company used the proceeds to pay in full outstanding balances of the Delayed Draw Term Loans and the Revolver Loans. The Company incurred a debt extinguishment loss of \$4.1 million upon the repayment of the Delayed Draw Term Loans in addition to the \$2.1 million discount of the borrowings.
- (2) The amendment replaced LIBOR with SOFR for all Revolver facility borrowings with no change to the applicable margin and increased the letter of credit sublimit to \$100.0 million.
- (3) These borrowings were repriced at a discount of approximately \$17.5 million and accrue interest at SOFR plus an applicable margin, subject to a 0.50% floor.

Notes

The Company issued the 2025 Notes, 2027 Notes, and 2029 Notes (the Notes) at par on the following dates as shown in the table below. The Notes may be individually redeemed in whole, or in part, at any time prior to the respective initial redemption dates as shown in the table below, at a redemption price calculated using a formula designed to provide the bondholders with a make-whole premium. Before the initial redemption dates, the Company may also individually redeem the respective Notes, on one or more occasions, at an initial redemption price as noted below, up to 40% of the aggregate principal amount of the respective Notes in an amount not to exceed the net cash proceeds of certain equity offerings provided that at least 50% of the respective Notes from their respective original issue date remain outstanding after giving effect to such redemption. After the initial redemption dates, the Company may redeem the respective notes at the following redemption prices:

	2025 Notes	2027 Notes	2029 Notes
Note amount issued (at par).....	\$500 million	\$475 million	\$550 million
Issuance date.....	August 2, 2017	May 13, 2019	December 10, 2020
Initial redemption before	August 15, 2020	May 15, 2022	December 15, 2023
Initial redemption price (subject to conditions above)	107% + accrued interest	108% + accrued interest	105.625% + accrued interest
Redemption after	August 15, 2020	May 15, 2022	December 15, 2023
Redemption price	103.50%	104%	102.813%
Redemption after	August 15, 2021	May 15, 2023	December 15, 2024
Redemption price	101.75%	102%	101.406%
Redemption after	August 15, 2022	May 15, 2024	December 15, 2025
Redemption price	100%	100%	100%
Maturity date	August 15, 2025	May 15, 2027	January 15, 2029

As it relates to the Notes, if the Company experiences certain change of control events, the Company is required to offer to repurchase at 101% of the principal amount of such notes plus accrued and unpaid interest, if any. The Notes also include a change of control portability feature whereby the Company does not have to make an offer to repurchase (and holders of the notes do not have the ability to require such repurchase), so long as the change of control qualifies as a Permitted Change of Control.

In order to qualify as a Permitted Change of Control, on the date of the change of control:

- a. The Company's Moody's corporate rating must be B3 (stable) or better, and the Company's S&P corporate rating must be B (stable) or better; and
- b. The Consolidated Total Net Debt Ratio (as defined) is equal to or less than 6.85x (for the 2025 Notes) and 7.00x (for the 2027 Notes and 2029 Notes, respectively).

The Notes are fully and unconditionally guaranteed on a joint-and-several basis by the Company's 100% owned domestic subsidiaries. The 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 and rank equally in right of payment with all existing and future senior indebtedness of the Company, including the existing Credit Facility obligations. The Notes are effectively subordinated to the obligations under the existing Credit Facility, to the extent of the value of the assets securing such indebtedness. The Notes were issued in private transactions that are not subject to the registration requirements of the Securities Act of 1933, or the ongoing reporting requirements of the Securities Act of 1934.

Principal maturities of long-term debt at the end of the reporting period are as follows:

(in thousands)		
2023 (remaining)	\$	11,249
2024		43,796
2025		543,217
2026		43,198
2027		4,538,041
Thereafter		550,000
	\$	<u>5,729,501</u>

Note 8. — Derivatives and Hedging Arrangements

The relevant terms of the Company's interest rate cap contract in effect at September 30, 2023 were as follows:

(\$ in thousands)

Interest Rate Cap Contract

<u>Contract Start Date</u>	<u>Contract End Date</u>	<u>Original Notional</u>	<u>Purchased Strike Rate</u>	<u>Benchmark Index</u>
March 31, 2023.....	September 30, 2024	\$ 3,500,000	5.25%	3-month CME Term SOFR

As of September 30, 2023, the benchmark index of the interest rate cap did not exceed the strike rate. Approximately \$3.6 million was recorded as interest expense related to the amortization of the interest rate cap premium during the nine months ended September 30, 2023. The Company has not received or pledged any collateral related to any derivative contracts at September 30, 2023.

The Company's interest rate swap contracts expired on March 31, 2023. Relevant terms of these contracts were as follows:

(\$ in thousands)

Interest Rate Swap Contracts

<u>Contract Start Date</u>	<u>Contract End Date</u>	<u>Notional Value at End of Contract Period</u>
May 28, 2021.....	March 31, 2023	\$ 850,000
May 28, 2021.....	March 31, 2023	850,000

Upon expiration of the Company's interest rate swap contracts, \$18.0 million was recognized as a reduction in the fair value of the related interest rate swap assets, with offsetting reductions of \$13.3 million and \$4.7 million in accumulated other comprehensive income (loss) and non-current deferred tax liabilities, respectively. There was no earnings impact from the expiration of the Company's interest rate swap contracts.

Changes in fair value of interest rate contracts are reclassified from accumulated other comprehensive income (loss) into earnings as an adjustment to interest expense in the same period that the hedged items affect earnings. Accordingly, approximately \$(18.5) million and \$(10.9) million was reclassified from accumulated other comprehensive income (loss), before taxes to interest expense related to the interest rate swap contracts for the nine months ended September 30, 2023 and 2022, respectively.

The fair value of the Company's interest rate contracts at September 30, 2023 and December 31, 2022 included within the Consolidated Balance Sheets is as follows:

(in thousands)

2023		2022	
<u>Balance Sheet Location</u>	<u>Fair Value</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>
Other current assets	\$ 8,927	Other current assets	\$ 23,815
Other noncurrent assets, net.....	27	Other noncurrent assets, net.....	5,110
	<u>\$ 8,954</u>		<u>\$ 28,925</u>

Note 9. — Fair Value of Measurements and Financial Instruments

As defined by the FASB, the Company established 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:

The carrying amounts of the Company's financial assets and liabilities, including cash and cash equivalents; restricted cash; trust cash; accounts receivable; accounts payable; customer advances; producer payables; reserve for unpaid losses and loss adjustment expenses; contract assets; contract liabilities and deferred revenue on September 30, 2023 and December 31, 2022 approximate fair value because of the short-term maturity of these instruments.

Interest Rate Contracts

Interest rate contracts 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, and the default probabilities of the bank counterparty are applied to the positive exposures, resulting in a negative credit adjustment. The bilateral credit valuation adjustment is the sum of the positive and negative adjustments.

The fair value of the Company's interest rate contracts are recorded on the consolidated balance sheets as an asset or liability with the related gains or losses reported as a component of accumulated other comprehensive income (loss) as the Company is applying hedge accounting to account for changes in the fair value of these derivative instruments.

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.

U.S. 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:

September 30, 2023 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 September 30, 2023
Assets				
Interest rate contracts.....	\$ —	\$ 8,954	\$ -	\$ 8,954
Fixed maturity securities:				
U.S. Government	—	15,876	-	15,876
U.S. Agency	—	7,115	-	7,115
U.S. Corporate	—	7,305	-	7,305
Foreign Government.....	—	900	-	900
Non-agency Residential MBS	—	-	68	68
Non-agency ABS.....	—	-	2,920	2,920
Total securities:	—	31,196	2,988	34,184
Total assets at fair value....	—	\$ 40,150	\$ 2,988	\$ 43,138
Liabilities				
Earn-out payables	—	-	376,290	376,290
Total liabilities at fair value	\$ —	\$ —	\$ 376,290	\$ 376,290

December 31, 2022 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, 2022
Assets				
Interest rate contracts.....	\$ —	\$ 28,925	\$ —	\$ 28,925
Fixed maturity securities:				
U.S. Government	—	10,444	—	10,444
U.S. Agency	—	6,352	—	6,352
U.S. Corporate	—	7,756	—	7,756
Foreign Government.....	—	882	—	882
Non-agency Residential MBS	—	—	76	76
Non-agency ABS.....	—	—	2,401	2,401
Total securities:	—	25,434	2,477	27,911
Total assets at fair value....	—	\$ 54,359	\$ 2,477	\$ 56,836
Liabilities				
Earn-out payables	—	—	280,728	280,728
Total liabilities at fair value	\$ —	\$ —	\$ 280,728	\$ 280,728

Note 10. — Income Taxes

The effective tax rate for the nine months ended September 30, 2023 and 2022 was 4.0% and 45.0%, respectively. The change in the effective tax rate is primarily due to the impact of state taxes and permanent tax differences. A valuation allowance has been established against the deferred tax assets related to certain state net operating losses (NOLs) for which it is more likely than not that the benefit will not be realized. The Company evaluates the recoverability of the deferred tax assets on a regular basis based upon all available positive and negative evidence.

Note 11. — Leases

The following tables provides additional information about the Company's operating leases (in thousands):

Assets	Balance Sheet Classification	As of September 30, 2023	As of December 31, 2022
Right-of-use assets	Operating lease right-of-use assets, net	\$ 143,337	\$ 140,851
Liabilities			
Current lease liabilities			
Operating	Accrued expenses and other	36,084	38,333
Non-current lease liabilities..			
Operating	Operating lease liabilities, noncurrent portion	118,596	112,954
Total operating lease liabilities		<u>\$ 154,680</u>	<u>\$ 151,287</u>
As of and For the Nine Months Ended September 30, 2023			
Operating lease cost.....		\$ 38,476	
Short-term lease cost		617	
Sublease income		(368)	
Net Lease cost		<u>\$ 38,725</u>	
For right-of-use assets as of the end of the year:			
Right-of-use assets - Weighted average remaining lease term (years)			5.4
Right-of-use assets - Weighted average discount rate			6.31%
Cash paid for amounts included in measurement of lease liabilities			
Operating cash flows from operating leases		\$ 37,441	
Non-cash related activities Right-of-use assets obtained in exchange for new operating lease liabilities		\$ 26,546	

The following table shows the Company's future lease obligations at the end of the reporting period:

<i>(in thousands)</i>	
2023 (remaining)	\$ 12,051
2024	41,700
2025	35,479
2026	29,844
2027	21,297
Thereafter	44,449
Total future minimum lease payments	\$ 184,820
Less: Imputed interest	(30,140)
Present value of lease liabilities	<u>\$ 154,680</u>

Rental expense for the nine months ended September 30, 2023 and 2022 for leases totaled approximately \$41.8 million and \$40.9 million, respectively.

The Company occupies and leases certain office space owned by employees of the Company. Rent expense incurred for the nine months ended September 30, 2023 and 2022 under these leases, which is included in the total rent expense above, was approximately \$8.5 million and \$8.2 million, respectively.

As of September 30, 2023, the Company had additional operating leases that had not commenced of \$24.5 million. These operating leases will commence over the next 12 months.

Note 12. — Commitments and Contingencies

In February 2019, a plaintiff filed suit against his employer and against the Company's indirectly-owned subsidiary, AP Keenan, who served as the employer's workers' compensation insurance administrator, alleging that he was wrongfully terminated from his employment. The plaintiff alleged that AP Keenan repeatedly provided inaccurate medical reports to his employer. Before trial, the plaintiff's employer settled with the plaintiff and agreed to testify that had AP Keenan provided accurate medical reports, the employer would not have fired the plaintiff in January 2018 and would have rehired him in September 2018. In May 2022, a trial jury returned a liability verdict finding that AP Keenan had aided and abetted the employer's violation of California's Fair Employment and Housing Act and that AP Keenan had also conspired with the employer to violate the Act. The jury awarded the plaintiff approximately \$6.9 million in compensatory damages and punitive damages of approximately \$27.6 million bringing the total damages awarded against the Company to approximately \$34.5 million. The Company is appealing these findings and believes that it has a reasonable chance of substantially reducing this award on appeal. Any damages that may result are expected to be fully covered by third-party insurance policies. Restricted cash on the Consolidated Balance Sheets as of September 30, 2023 includes approximately \$57.8 million which has been pledged as collateral for an appeals bond in connection with an appeal of this case. The restriction on cash will lapse when the related litigation is resolved. On the basis of current information, the availability of insurance and legal advice, the Company does not believe that the resolution of this case, or any others in which the Company is involved, would have a material adverse effect on its financial condition, operations or cash flows, individually or in the aggregate.

On October 8, 2021, AP of South Florida, LLC (APSF), an indirectly-owned subsidiary of the Company, was served with a civil investigative demand (CID) from the U.S. Department of Justice (DOJ). The CID seeks information relating to the operation of Fiorella Insurance Agency, Inc. (Fiorella), certain assets of which were purchased by APSF in February 2021. The CID seeks information relating to operations before and after the acquisition of Fiorella by APSF. To date, APSF, through outside counsel, has engaged with the DOJ to respond to requests for documents and coordinate witness interviews. In connection with the investigation, APSF is working with a compliance consultant to evaluate operations, identify areas for improvement and to implement compliance measures.

Additionally, in December 2023, we learned that special agents from the Federal Bureau of Investigation had executed search warrants on two APSF employees for their personal devices. After communications with DOJ Criminal Division trial attorneys, we accepted service in early January 2024 of a criminal grand jury subpoena to APSF. The grand jury subpoena seeks information and documents among other things, related to operation of Fiorella before and after APSF's purchase of certain Fiorella assets as it pertains to the sale of Florida Blue health plans. The Company is working with external counsel and is cooperating with DOJ and responding to the grand jury subpoena.

On August 27, 2023, Keenan & Associates discovered certain disruptions occurring on some Keenan network servers. Keenan activated its incident response plan and engaged leading third-party cybersecurity and forensic experts to investigate and remediate. In relatively short order, Keenan restored full functionality to its systems and was able to minimize business disruption. The incident was the result of ransomware. Due to the nature of the incident, Keenan was obligated to provide legally-required notices regarding the incident to a number of its business partners and their respective employees and to certain government agencies. Furthermore, the Company has been notified that it is the subject of two class action lawsuits regarding the incident. The amount of any claims and related costs, if any, cannot be estimated at this time and as such, no provision has been made. The ultimate outcome of this litigation is unknown at this time. The Company may become party to additional complaints as a result of the incident. The Company continues to monitor the situation and the notification process is ongoing and is anticipated to be completed by the end of the first quarter of 2024.

Other than the matters mentioned above, 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.

Note 13. — Supplemental Disclosures of Cash Flow Information and Noncash Financing and Investing Activities

Cash paid during the nine months ended September 30, 2023 and September 30, 2022 are summarized as follows:

	For the Nine Months Ended September 30,	
	2023	2022
(in thousands)		
Interest.....	\$ 342,281	\$ 204,608
Taxes	22,251	2,892

Significant noncash investing and financing activities are summarized as follows:

	For the Nine Months Ended September 30,	
	2023	2022
(in thousands)		
Notes or other payables from acquisition	\$ 833	\$ 118
Estimated acquisition earn-out payables	99,448	67,319
Purchase price holdback	1,717	2,276

Note 14. — Subsequent events

The Company is required to evaluate events and transactions occurring subsequent to September 30, 2023 through February 6, 2024, the date the accompanying consolidated financial statements were available to be issued.

In October 2023, the Company amended its Credit Facility (Nineteenth Amendment) to borrow an additional \$400 million in First Lien Term Loans, and to reprice the borrowings made under the Sixteenth Amendment to its Credit Facility. These borrowings were repriced at par and now accrue interest at SOFR plus an applicable margin of 3.75% (a reduction from the prior margin of 4.25%). These borrowings mature in 2027 and are not fungible with previous First Lien Term Loan borrowings.

During this period, the Company acquired substantially all the net assets of 20 companies with cash consideration paid of \$593.9 million and maximum potential earn-out payables of \$131.5 million. The nature of all businesses acquired are 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. As part of the funding of these transactions, the Company drew \$75 million on its Revolver in December 2023.

\$500,000,000



% Senior Notes Due 2032

PRELIMINARY OFFERING MEMORANDUM

Joint Book-Running Managers

Goldman Sachs & Co. LLC

Morgan Stanley

BofA Securities

Barclays

J.P. Morgan

BMO Capital Markets

RBC Capital Markets

Deutsche Bank Securities

UBS Investment Bank

Mizuho

Macquarie Capital

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