

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2016**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

**Commission File Number: 001-35780**

**BRIGHT HORIZONS FAMILY SOLUTIONS INC.**

**(Exact name of registrant as specified in its charter)**

**DELAWARE**

**(State or other jurisdiction of  
incorporation or organization)**

**80-0188269**

**(IRS Employer  
Identification No.)**

**200 Talcott Avenue South**

**Watertown, MA 02472**

**(Address of principal executive offices and zip code)**

**(617) 673-8000**

**(Registrant's telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act:**

**Title of each class**

**Name of exchange on which registered**

**Common Stock, \$0.001 par value per share**

**New York Stock Exchange**

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the shares of common stock of the registrant held by non-affiliates of Bright Horizons Family Solutions Inc. computed by reference to the closing price of the registrant's common stock on the New York Stock Exchange as of June 30, 2016 was approximately \$2.9 billion.

As of February 10, 2017, there were 59,511,773 outstanding shares of the registrant's common stock, \$0.001 par value per share, which is the only outstanding capital stock of the registrant.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement for the 2017 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K.

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**BRIGHT HORIZONS FAMILY SOLUTIONS INC.**

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”). The following cautionary statements are being made pursuant to the provisions of the Act and with the intention of obtaining the benefits of the “safe harbor” provisions of the Act. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes,” “expects,” “may,” “will,” “should,” “seeks,” “projects,” “approximately,” “intends,” “plans,” “estimates” or “anticipates,” or, in each case, their negatives 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 Annual Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, the industries in which we and our partners operate, industry and demographic trends, market and leadership position, performance and growth factors, demand for services, competitive strengths and differentiators, growth strategy and opportunities for expansion, acquisitions and integration, utilization rates, marketing strategies, intellectual property, regulatory compliance, employee relationships, ability to attract new clients, debt and indebtedness, ability to obtain financing, ability to attract key employees, dividend policy, impact of the macroeconomic environment, properties, outcome of litigation and legal proceedings, new center openings, center closings, future interest payments, amortization expense, cash flow and use of cash, operating and capital expenditures, cash from operations, fixed asset expenditures, exchange rates, impact of tax benefits, tax rates, tax audits and settlements, credit risk, impact of new accounting pronouncements, share repurchases, repatriation of earnings, and insurance and worker’s compensation claims.

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 under “Risk Factors” and elsewhere in this Annual Report and in our other public filings with the Securities and Exchange Commission.

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 Annual Report. 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 Annual Report, 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 statement that we make in this Annual Report speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by law.

## PART I

### Item 1. Business

#### Our Company

We are a leading provider of high-quality child care, early education, back-up dependent care and educational advisory services that help employers and families better address the challenges of work and family life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions, as well as other educational advisory services, as part of their employee benefits packages to improve employee engagement, productivity, recruitment and retention. As of December 31, 2016, we had more than 1,100 client relationships with employers across a diverse array of industries, including 150 Fortune 500 companies and more than 80 of *Working Mother* magazine's 2016 "100 Best Companies for Working Mothers." Our service offerings include:

- Center-based full service child care and early education (approximately 84% of our revenue in 2016);
- Back-up dependent care (approximately 13% of our revenue in 2016); and
- Educational advisory services (approximately 3% of our revenue in 2016).

As of December 31, 2016, we operated a total of 1,035 child care and early education centers across a wide range of customer industries with the capacity to serve approximately 115,000 children in the United States, as well as in the United Kingdom, the Netherlands, Ireland, Canada and India. We have achieved satisfaction ratings of approximately 95% among respondents in our employer and parent satisfaction surveys over each of the past seven years and an annual client retention rate of 96% for employer-sponsored centers over each of the past 10 years.

#### Our History

Since 1986, we have operated child care and early education centers for employers and working families. In 1998, we transformed our business through the merger of Bright Horizons, Inc. and Corporate Family Solutions, Inc., both then Nasdaq-listed companies that were founded in 1986 and 1987, respectively. We were listed on Nasdaq from 1998 to May 2008, when we were acquired by investment funds affiliated with Bain Capital Partners LLC (collectively, the "Sponsor"). We refer to this as our "going private transaction." On January 30, 2013, we completed our initial public offering (the "Offering") and our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "BFAM."

Throughout our history, we have continued to grow through challenging economic times while investing in our future. We have grown our international footprint to become a leading provider in the center-based child care market in the United Kingdom and have expanded into the Netherlands, Ireland, Canada and India as a platform for further international expansion. In the United States, we have grown our partnerships with employer clients by expanding and enhancing our back-up dependent care services and by developing and growing our educational advisory services. We have invested in new technologies to better support our full suite of services and expanded our marketing efforts with additional focus on maximizing occupancy levels in centers where we can improve our economics with increased enrollment.

#### Industry Overview

We compete in the global market for child care and early education services as well as the market for work/life services offered by employers as benefits to employees. The child care industry can generally be subdivided into center-based and home-based child care. We operate in the center-based market, which is highly fragmented.

The center-based child care market includes both retail and employer-sponsored centers and can be further divided into full-service centers and back-up centers. The employer-sponsored model, which has been central to our business since we were founded in 1986, is characterized by a single employer or consortium of employers entering into a long-term contract for the provision of child care at a center located at or near the employer sponsor's worksite. The employer sponsor generally funds the development as well as ongoing maintenance and repair of a child care center at or near its worksite and subsidizes the provision of child care services to make them more affordable for its employees.

Additionally, we compete in the growing markets for back-up dependent care and educational advisory services, and we believe we are the largest and one of the only multi-national providers of back-up dependent care services.

#### Industry Trends

We believe that the following key factors contribute to growth in the markets for employer-sponsored child care and for back-up dependent care and educational advisory services.

*Increasing Participation by Women and Two Working Parent Families in the Workforce.* A significant percentage of mothers currently participate in the workforce. In 2015, 64% of mothers with children under the age of 6 participated in the workforce in the United States, according to the Bureau of Labor Statistics. In 2014, women earned 52% of all doctorate

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degrees and 58% of masters degrees in the United States, according to a 2015 report by the National Center for Education Statistics. We expect that the number of working mothers and two working parent families will continue to increase over time, resulting in an increase in the need for child care and other work/life services.

*Greater Demand for High-Quality Center-Based Child Care and Early Education.* We believe that recognition of the importance of early education and consistent quality child care has led to increased demand for higher-quality center-based care. In 2007, the number of children aged three to six enrolled in center-based child care was 55%, compared to approximately 61% of such children in 2012, according to data gathered by the Federal Interagency Forum on Child and Family Statistics.

With the shift towards center-based care, there is an increased focus on the establishment of objective, standards-based methods of defining and measuring the quality of child care, such as accreditation. In a highly fragmented market comprised largely of center operators lacking scale, we believe this trend will favor larger industry participants with the size and capital resources to achieve quality standards on a consistent basis.

*Recognized Return on Investment to Employers.* Based on studies we have conducted through our Horizons Workforce Consulting practice, we believe that employer sponsors of center-based child care and back-up dependent care services realize strong returns on their investments from reduced turnover and increased productivity. We estimate that users of our back-up dependent care services have been able to work, on average, six days annually that they otherwise would have missed due to breakdowns in child care arrangements. Additionally, according to a 2015 survey of our clients, 92% of respondents reported that access to dependable back-up dependent care helps them to focus on work and be more productive. We believe that this return on investment for employers will result in additional growth in employer-sponsored back-up dependent care services.

*Growing Global Demand for Child Care and Early Education Services.* We expect that a long-term shift to service-based economies and an increasing emphasis on education by government and families will contribute to further growth in the global child care and early education market as well as the developing markets for back-up dependent care and educational advisory services. In addition, in certain countries in which we operate, public policy decisions have facilitated increased demand for child care and early education services. In 2006, the United Kingdom instituted a 10 year plan to make child care more accessible and more affordable for all parents. In the Netherlands, a 2005 child care law increased the demand for child care and early education services by making child care more affordable for working families and thereby encouraging women to return to the workforce.

*Labor Shortage and Skills Gap.* Employers are facing potentially significant labor shortages and skills gaps as roughly 3.5 million baby boomers per year are now approaching retirement as they begin to reach the age of 65. As a result, there is a renewed focus on the importance of recruiting and retention, as well as the continued education and training of the existing workforce, including through alignment of learning and development goals with tuition reimbursement program funding. A recent survey found that 92% of executives believe there is a serious gap in workforce skills, and nearly 50% are struggling to fill jobs. This problem will be further compounded by an increase in retirements and a shrinking workforce, according to a 2014 report by the U.S. Chamber of Commerce Foundation. We believe this potential need will encourage employers to invest in center-based full service child care, back-up dependent care services and educational advisory services as a means to bolster recruitment and retention.

### **Our Competitive Strengths**

#### ***Market Leading Service Provider***

We believe we are the leader in the markets for employer-sponsored center-based child care and back-up dependent care, and that the breadth, depth and quality of our service offerings—developed over a successful 30-year history—represent significant competitive advantages. We have approximately six times more employer-sponsored centers in the United States than our closest competitor, according to Child Care Information Exchange's *2010 Employer Child Care Trend Report*. We believe the broad geographic reach of our child care centers, with targeted clusters in areas where we believe demand is generally higher and where income demographics are attractive, provides us with an effective platform to market our services to current and new clients.

#### ***Collaborative, Long-term Relationships with Diverse Customer Base***

We have more than 1,100 client relationships with employers across a diverse array of industries, including 150 of the Fortune 500 companies, with our largest client contributing less than 2% of our revenue in fiscal 2016 and our largest 10 clients representing less than 9% of our revenue in the same year. Our business model emphasizes multi-year employer sponsorship contracts where our clients typically fund the development of new child care centers at or near to their worksites and frequently support the ongoing operations of these centers.

Our multiple service points with both employers and employees give us unique insight into the corporate culture of our clients. This enables us to identify and provide innovative and tailored solutions to address our clients' specific work/life needs.

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In addition to full service center-based care, we provide access to a multi-national back-up dependent care network and educational advisory support, allowing us to offer various combinations of services to best meet the needs of specific clients or specific locations for a single client. We believe our tailored, collaborative approach to employer-sponsored child care has resulted in an annual client retention rate for employer-sponsored centers of approximately 96% over each of the past ten years.

### ***Commitment to Quality***

Our business is anchored in our commitment to consistently provide high-quality service offerings to employers and families. We have therefore designed our child care centers to meet or exceed applicable accreditation and rating standards in all of our key markets, including in the United States through the National Academy of Early Childhood Programs, a division of the National Association for the Education of Young Children, and in the United Kingdom through the ratings of the Office of Standards in Education. We believe that our voluntary commitment to achieving accreditation standards offers a competitive advantage in securing employer sponsorship opportunities and in attracting and retaining families, because an increasing number of potential and existing employer clients require adherence to accreditation criteria.

We maintain our proprietary curriculum at the forefront of early education practices by introducing elements that respond to the changing expectations and views of society and new information and theories about the ways in which children learn and grow. We also believe that strong adult-to-child ratios are a critical factor in delivering our curriculum effectively as well as helping to facilitate more focused care. Our programs often provide adult-to-child ratios that are more stringent than many state licensing standards.

### ***Market Leading People Practices***

Our ability to deliver consistently high-quality care, education and other services is directly related to our ability to attract, retain and motivate our highly skilled workforce. We have consistently been named as a top employer by third-party sources in the United States, the United Kingdom and the Netherlands, including being named as one of the “100 Best Places to Work in America” by *Fortune Magazine* 16 times, as well as a great place to work in the United Kingdom, Netherlands, and Scotland by the Great Place to Work Institute. We have also been named the #1 Best Place to Work by the Boston Globe multiple times, including most recently in 2016.

We believe the education and experience of our center leaders and teachers exceed the industry average. In addition to recurring in-center training and partial tuition reimbursement for continuing education, we have developed a training program that establishes standards for our teachers as well as an in-house online training academy, which allows our employees to earn nationally-recognized child development credentials.

### ***Capital Efficient Operating Model Provides Platform for Growth with Attractive Economics***

We have achieved uninterrupted year-over-year revenue and adjusted EBITDA growth for each of the last 15 years despite broader macro-economic fluctuations. With employer sponsors funding the majority of the capital required for new centers developed on their behalf, we have been able to grow our business with limited capital investment, which has contributed to strong cash flows from operations.

### ***Proven Acquisition Track Record***

We have an established acquisition team to pursue potential targets using a proven framework to effectively evaluate potential transactions with the goal of maximizing our return on investment while minimizing risk. Since 2006, and as of December 31, 2016, we have completed acquisitions of 402 child care centers in the United States, the United Kingdom and the Netherlands, as well as providers of back-up dependent care services and educational advisory services in the United States.

## **Our Growth Strategy**

We believe that there are significant opportunities to continue to grow our business globally and expand our leadership position by continuing to execute on the following strategies.

### ***Grow Our Client Relationships***

- *Secure Relationships with New Employer Clients.* Our addressable market includes approximately 15,000 employers, each with at least 1,000 employees, within the industries that we currently service in the United States and the United Kingdom. Our dedicated sales force focuses on establishing new client relationships and is supported by our Horizons Workforce Consulting practice, which helps potential clients to identify the precise work/life offerings that will best meet their strategic goals.
- *Cross-Sell and Expand Services to Existing Employer Clients.* We believe there is a significant opportunity to increase the number of our clients that use more than one of our services, and to expand the services we provide to existing clients.

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- *Continue to Expand Through the Assumption of Management of Existing Sponsored Child Care Centers.* We occasionally assume the management of existing centers from the incumbent management team, which enables us to develop new client relationships, typically with no capital investment and no purchase price payment.

**Sustain Annual Price Increases to Enable Continued Investments in Quality**

We look for opportunities to invest in quality as a way to enhance our reputation with our clients and their employees. By developing a strong reputation for high-quality services and facilities, we have been able to support consistent price increases that have kept pace with our cost increases. Over our history, these price increases have contributed to our revenue growth and have enabled us to drive margin expansion.

**Increase Utilization at Existing Centers**

In addition to continuing to increase enrollment levels in our more recently opened profit and loss centers, we believe that our mature profit and loss centers (centers that have been open for more than three years, as more fully described below) are currently operating at utilization levels below our target run rate, in part due to a general deterioration in economic condition from 2008 to 2010. Utilization rates at our mature profit and loss centers stabilized in 2010 and have grown since. We expect to further close the gap between current utilization rates and our target run rate over the next few years.

**Selectively Add New Lease/Consortium Centers and Expand Through Selective Acquisitions**

We have typically added approximately fifteen new lease/consortium centers (as more fully described below) annually for the past four years, focusing on urban or city surrounding markets where demand is generally higher and where income demographics are generally more supportive of a new center. In addition, we have a long track record of successfully completing and integrating selective acquisitions. The domestic and international markets for child care and other family support services remain highly fragmented. We will therefore continue to seek attractive opportunities both for center acquisitions and the acquisition of complementary service offerings.

**Our Operations**

Our primary reporting and operating segments are full-service center-based child care services and back-up dependent care services. Full-service center-based child care includes traditional center-based child care, preschool and elementary education. Back-up dependent care includes center-based back-up child care, in-home well child care, in-home mildly-ill child care and adult/elder care. Our remaining operations are included in other educational advisory services.

The following table sets forth our segment information as of the dates and for the periods indicated. Additional segment information is included in Note 15, "Segment and Geographic Information," included in the notes to the consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

	Full Service Center-Based Child Care Services	Back-up Dependent Care Services	Other Educational Advisory Services	Total
(In thousands, except percentages)				
<b>Year ended December 31, 2016</b>				
Revenue	\$ 1,321,699	\$ 200,106	\$ 48,036	\$ 1,569,841
<i>As a percentage of total revenue</i>	84%	13%	3%	100%
Income from operations	\$ 129,693	\$ 57,620	\$ 9,925	\$ 197,238
<i>As a percentage of total income from operations</i>	66%	29%	5%	100%
<b>Year ended December 31, 2015</b>				
Revenue	\$ 1,236,762	\$ 181,574	\$ 40,109	\$ 1,458,445
<i>As a percentage of total revenue</i>	85%	12%	3%	100%
Income from operations	\$ 115,149	\$ 56,891	\$ 9,562	\$ 181,602
<i>As a percentage of total income from operations</i>	64%	31%	5%	100%
<b>Year ended December 31, 2014</b>				
Revenue	\$ 1,156,661	\$ 162,886	\$ 33,452	\$ 1,352,999
<i>As a percentage of total revenue</i>	86%	12%	2%	100%
Income from operations	\$ 92,229	\$ 49,317	\$ 5,374	\$ 146,920
<i>As a percentage of total income from operations</i>	63%	33%	4%	100%



***Full-Service Center-Based Child Care Services***

We provide our center-based child care services under two general business models: a profit and loss (“P&L”) model, where we assume the financial risk of operating a child care center; and a cost-plus model, where we are paid a fee by an employer client for managing a child care center on a cost-plus basis. The P&L model is further classified into two subcategories:

- a sponsor model, where we provide child care and early education services on either an exclusive or priority enrollment basis for the employees of a specific employer sponsor; and
- a lease/consortium model, where we provide child care and early education services to the employees of multiple employers located within a specific real estate development (for example, an office building or office park), as well as to families in the surrounding community.

In both our cost-plus and sponsor P&L models, the development of a new child care center, as well as ongoing maintenance and repair, is typically funded by an employer sponsor with whom we enter into a multi-year contractual relationship. In addition, employer sponsors typically provide subsidies for the ongoing provision of child care services for their employees.

Our full-service center operations are organized into geographic divisions led by a Division Vice President of Center Operations who, in turn, reports to a Senior Vice President of Center Operations. Each division is further divided into regions, each supervised by a Regional Manager who oversees the operational performance of approximately six to eight centers and is responsible for supervising the program quality, financial performance and client relationships. A typical center is managed by a small administrative team under the leadership of a Center Director. A Center Director has day-to-day operating responsibility for the center, including training, management of staff, licensing compliance, implementation of curricula, conducting child assessments and enrollment. Our corporate offices provide centralized administrative support for accounting, finance, information systems, legal, payroll, risk management, marketing and human resources functions. We follow this underlying operational structure for center operations in each country in which we operate.

Center hours of operation are designed to match the schedules of employer sponsors and working families. Most of our centers are open 10 to 12 hours a day with typical hours of operation from 7:00 a.m. to 6:00 p.m., Monday through Friday. We offer a variety of enrollment options, ranging from full-time to part-time scheduling.

Tuition paid by families varies depending on the age of the child, the child's attendance schedule, the geographic location and the extent to which an employer sponsor subsidizes tuition. Based on a sample of 365 of our child care and early education centers in the United States, the average tuition rate at our centers is \$1,780 per month for infants (typically ages three to sixteen months), \$1,630 per month for toddlers (typically ages sixteen months to three years) and \$1,350 per month for preschoolers (typically ages 3 to 5 years). Tuition at most of our child care and early education centers is payable in advance and is due either monthly or weekly. In most cases, families pay tuition through payroll deductions or through Automated Clearing House withdrawals.

Revenue per center typically averages between \$1.5 million and \$1.8 million at our centers in North America, and averages between \$0.9 million and \$1.2 million at our centers in Europe, primarily due to the larger average size of our centers in North America. Gross margin at our centers typically averages between 20% and 25%, with our cost-plus model centers typically at the lower end of that range and our lease/consortium centers at the higher end.

Cost of services consists of direct expenses associated with the operation of child care and early education centers primarily comprised of payroll and benefits for personnel, food costs, program supplies and materials, parent marketing and facilities costs, which include depreciation. Personnel costs are the largest component of a center's operating costs and comprise approximately 70% of a center's operating expenses. In a P&L model center, we are often responsible for additional costs that are typically paid or provided directly by a client in centers operating under the cost-plus model, such as facilities costs. As a result, personnel costs in centers operating under P&L models will often represent a smaller percentage of overall costs when compared to centers operating under cost-plus models.

Selling, general and administrative expenses (“SGA”) relating to full-service care consist primarily of salaries, payroll taxes and benefits (including stock-based compensation costs) for non-center personnel, which includes corporate, regional and business development personnel, accounting and legal, information technology, occupancy costs for corporate and regional personnel, management/advisory fees and other general corporate expenses.

***Back-Up Dependent Care Services***

We provide back-up dependent care services through our full-service centers, our dedicated back-up centers, as well as through our Back-Up Care Advantage (“BUCA”) program. BUCA offers access to a contracted network of approximately 3,000 in-home care agencies and center-based providers in locations where we do not otherwise have centers with available capacity.

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Our back-up dependent care division is led by our Executive Vice President of Operations, with a Senior Vice President leading the BUCA program and a Divisional Vice President leading back-up center operations. The dedicated back-up centers that we operate are organized in a similar structure to full-service centers, with Regional Managers overseeing approximately six to eight centers each and with center-based administrative teams that mirror the administrative teams in full-service centers. The dedicated back-up centers are either exclusive to a single employer or are consortium centers that have multiple employer sponsors and are part of our BUCA program.

Care is arranged through a 24 hours-a-day contact center, online or via our mobile application, allowing employees to reserve care in advance or at the last minute. We operate our own contact center in Broomfield, Colorado, which is overseen by the Senior Vice President responsible for BUCA, and we contract with additional contact centers located in Durham, North Carolina, and Chicago, Illinois, to complement our ability to handle demand fluctuations and to provide seamless service 24 hours a day.

Back-up dependent care revenue is comprised of fees or subsidies paid by employer sponsors, as well as co-payments collected from users at the point of service. Cost of services consist of fees paid to providers for care delivered as part of their contractual relationships with us, personnel and related direct service costs of the contact centers and any other expenses related to the coordination or delivery of care and service. For our dedicated back-up centers, cost of services also includes all direct expenses associated with the operation of the centers. SGA related to back-up dependent care is similar to SGA for full-service care, with additional expenses related to the information technology necessary to operate this service, the ongoing development and maintenance of the provider network and additional personnel needed as a result of more significant client management and reporting requirements.

### ***Educational Advisory Services***

Our educational advisory services consist of our EdAssist and College Coach services. Educational advisory services revenue is comprised of fees or subsidies paid by employer clients, network school partners, as well as retail fees collected from users at the point of service. Cost of services consist of personnel and direct service costs of the contact centers, and other expenses related to the coordination and delivery of outsourced tuition reimbursement program management, advisory and counseling services. SGA related to educational advisory services is similar to SGA for back-up dependent care.

*EdAssist.* EdAssist provides tuition reimbursement program management services for corporate clients. Administration services are provided through a proprietary software system for processing and data analytics, as well as a team of compliance professionals who audit employee's applications for tuition reimbursement and enforce our corporate client's policies. We also provide educational advising to client employees on a one-on-one basis through our team of advisors, who help employees make better decisions regarding their education. Customer service is also provided through the contact center in Broomfield, Colorado. The EdAssist services derive revenue directly from fees paid by employers under contracts that are typically three years in length. The EdAssist division is managed by a Senior Vice President who has responsibility for the growth and profitability of this division.

*College Coach.* College Coach provides college advisory services through our team of experts, all of whom have experience working at senior levels in admissions or financial aid at colleges and universities. We work with employer clients who offer these services as a benefit to their employees, and we also provide these services directly to families on a retail basis. We have 10 College Coach offices in the United States, located primarily in metropolitan areas, where we believe the demand for these services is greatest. College Coach derives revenue mainly from employer clients who contract with us for a specified number of workshops, access to our proprietary online learning center and individual counseling. The College Coach division is managed by a Senior Vice President who has responsibility for the growth and profitability of this division.

### **Seasonality**

Our business is subject to seasonal and quarterly fluctuations. Demand for child care and early education and elementary school services has historically decreased during the summer months when school is not in session, at which time families are often on vacation or have alternative child care arrangements. In addition, our enrollment declines as older children transition to elementary schools. Demand for our services generally increases in September and October coinciding with the beginning of the new school year and remains relatively stable throughout the rest of the school year. In addition, use of our back-up dependent care services tends to be higher when schools are not in session and during holiday periods, which can increase the operating costs of the program and impact the results of operations. Results of operations may also fluctuate from quarter to quarter as a result of, among other things, the performance of existing centers, including enrollment and staffing fluctuations, the number and timing of new center openings, acquisitions and management transitions, the length of time required for new centers to achieve profitability, center closings, refurbishment or relocation, the contract model mix (P&L versus cost-plus) of new and existing centers, the timing and level of sponsorship payments, competitive factors and general economic conditions.

## Geography

We operate in two primary regions: North America, which includes the United States, Canada and Puerto Rico, and Europe, which we define to include the United Kingdom, the Netherlands, Ireland and India. The following table sets forth certain financial data for these geographic regions for the periods indicated.

	North America	Europe and Other	Total
	(In thousands, except percentages)		
<b>Year ended December 31, 2016</b>			
Revenue	\$ 1,277,165	\$ 292,676	\$ 1,569,841
<i>As a percentage of total revenue</i>	<i>81%</i>	<i>19%</i>	<i>100%</i>
Long-lived assets, net	\$ 322,267	\$ 207,165	\$ 529,432
<i>As a percentage of total fixed assets, net</i>	<i>61%</i>	<i>39%</i>	<i>100%</i>
<b>Year ended December 31, 2015</b>			
Revenue	\$ 1,182,629	\$ 275,816	\$ 1,458,445
<i>As a percentage of total revenue</i>	<i>81%</i>	<i>19%</i>	<i>100%</i>
Long-lived assets, net	\$ 308,469	\$ 121,267	\$ 429,736
<i>As a percentage of total fixed assets, net</i>	<i>72%</i>	<i>28%</i>	<i>100%</i>
<b>Year ended December 31, 2014</b>			
Revenue	\$ 1,074,951	\$ 278,048	\$ 1,352,999
<i>As a percentage of total revenue</i>	<i>79%</i>	<i>21%</i>	<i>100%</i>
Long-lived assets, net	\$ 277,971	\$ 120,976	\$ 398,947
<i>As a percentage of total fixed assets, net</i>	<i>70%</i>	<i>30%</i>	<i>100%</i>

Our international business primarily consists of child care centers throughout the United Kingdom and the Netherlands and is overseen by a Senior Vice President. As of December 31, 2016, we had a total of 340 centers in Europe and 695 centers in North America.

## Marketing

We market our services to prospective employer sponsors, current clients and their employees, and to parents. Our sales force is organized on both a centralized and regional basis and is responsible for identifying potential employer sponsors, targeting real estate development opportunities, identifying potential acquisitions and managing the overall sales process. We reach out to employers via word of mouth, direct mail campaigns, digital outreach and advertising, conference networking, webinars and social media. In addition, as a result of our visibility among human resources professionals as a high-quality dependent care service provider, potential employer sponsors regularly contact us requesting proposals, and we often compete for employer-sponsorship opportunities through a request for proposal process. Our management team is involved at the national level with education, work/life and children's advocacy, and we believe that their prominence and involvement in such issues also helps us attract new business. We communicate regularly with existing clients to increase awareness of the full suite of services that we provide for key life stages and to explore opportunities to enhance current partnerships.

We also have a direct-to-consumer (parent) marketing department that supports parent enrollment efforts through the development of marketing programs, including the preparation of promotional materials. The parent marketing team is organized on both a centralized and regional basis and works with center directors and our contact centers to build enrollment. New enrollment is generated by word of mouth, print advertising, direct mail campaigns, digital marketing, parent referral programs and business outreach. Individual centers may receive assistance from employer sponsors, who often provide access to channels of internal communication, such as e-mail, websites, intranets, mailing lists and internal publications. In addition, many employer sponsors promote the child care and early education center as an important employee benefit.

## Competition

We believe that we are a leading provider in the markets for employer-sponsored center-based child care and back-up dependent care. We maintain approximately six times more market share in the United States than our closest competitors who provide employer-sponsored center-based child care. The market for child care and early education services is highly fragmented, and we compete for enrollment and for sponsorship of child care and early education centers with a variety of other businesses including large community-based child care companies, regional child care providers, family day care (operated out of the caregiver's home), nannies, for-profit and not-for-profit full- and part-time nursery schools, private schools and public elementary schools, and not-for-profit and government-funded providers of center-based child care. Our principal

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competitors for employer-sponsored centers include KinderCare Education and New Horizons Academy in the United States and Childbase and Busy Bees in the United Kingdom. Competition for back-up dependent care and educational advising comes from some of these same competitors in addition to employee assistance programs, payment processors and smaller work/life companies. In addition, we compete for enrollment on a center-by-center basis with some of the providers named above, along with many local and national providers, such as Learning Care Group, Goddard Schools, Primrose Preschools, The Co-operative Childcare, Smallsteps, and Partou in the United States, the United Kingdom and the Netherlands.

We believe that the key factors in the competition for enrollment are quality of care, site convenience and cost. We believe that many center-based child care providers are able to offer care at lower prices than we do by utilizing less intensive adult-to-child ratios and offering their staff lower compensation and limited or less affordable benefits. While our tuition levels are generally higher than our competitors, we compete primarily based on the convenience of a work-site location and a higher level of program quality. In addition, many of our competitors may have access to greater financial resources (such as access to government funding or other subsidies), or may benefit from broader name recognition (such as established regional providers) or comply, or are required to comply, with fewer or less costly health, safety, and operational regulations than those with which we comply (such as the more limited health, safety and operational regulatory requirements typically applicable to family day care operations in caregivers' homes). We believe that our primary focus on employer clients and track record for achieving and maintaining high-quality standards distinguishes us from our competitors. We believe we are well-positioned to continue attracting new employer sponsors due to our extensive service offerings, established reputation, position as a quality leader and track record of serving major employer sponsors for 30 years.

### **Intellectual Property**

We believe that our name and logo have significant value and are important to our operations. We own and use various registered and unregistered trademarks covering the names Bright Horizons and Bright Horizons Family Solutions, our logo and a number of other names, slogans and designs. We frequently license the use of our registered trademarks to our clients in connection with the use of our services, subject to customary restrictions. We actively protect our trademarks by registering the marks in a variety of countries and geographic areas, including North America, Asia, the Pacific Rim, Europe and Australia. These registrations are subject to varying terms and renewal options. However, not all of the trademarks or service marks have been registered in all of the countries in which we do business, and we are aware of persons using similar marks in certain countries in which we currently do not do business. Meanwhile, we monitor our trademarks and vigorously oppose the infringement of any of our marks. We do not hold any patents, and we hold copyright registrations for certain materials that are important to the operation of our business. We generally rely on common law protection for those copyrighted works, which are not critical to the operation of our business. We also license some intellectual property from third parties for use in our business. Such licenses are not individually or in the aggregate material to our business.

### **Regulatory Matters**

We are subject to various federal, state and local laws affecting the operation of our business, including various licensing, health, fire and safety requirements and standards. In most jurisdictions in which we operate, our child care centers are required by law to meet a variety of operational requirements, including minimum qualifications and background checks for our teachers and other center personnel. State and local regulations may also impact the design and furnishing of our centers.

Internationally, we are subject to national and local laws and regulations that often are similar to those affecting us in the United States, including laws and regulations concerning various licensing, health, fire and safety requirements and standards. We believe that our centers comply in all material respects with all applicable laws and regulations in these countries.

### ***Health and Safety***

The safety and well-being of children and our employees is paramount for us. We employ a variety of security measures at our child care and early education centers, which typically include secure electronic access systems as well as sign-in and sign-out procedures for children, among other site-specific security measures. In addition, our trained teachers and open center designs help ensure the health and safety of children. Our child care and early education centers are designed to minimize the risk of injury to children by incorporating such features as child-sized amenities, rounded corners on furniture and fixtures, age-appropriate toys and equipment and cushioned fall zones surrounding play structures.

Each center is further guided by policies and procedures that address protocols for safe and appropriate care of children and center administration. These policies and procedures establish center protocols in areas including the safe handling of medications, managing child illness or health emergencies and a variety of other critical aspects of care to ensure that centers meet or exceed all mandated licensing standards. These policies and procedures are reviewed and updated continuously by a team of internal experts, and center personnel are trained on center practices using these policies and procedures. Our proprietary *We Care* system supports proper supervision of children and documents the transitions of children to and from the care of teachers and parents or from one classroom to another during the day.

## **Environmental**

Our operations, including the selection and development of the properties that we lease and any construction or improvements that we make at those locations, are subject to a variety of federal, state and local laws and regulations, including environmental, zoning and land use requirements. In addition, we have a practice of conducting site evaluations on each freestanding or newly constructed or renovated property that we own or lease. Although we have no known material environmental liabilities, environmental laws may require owners or operators of contaminated property to remediate that property, regardless of fault.

## **Employees**

As of December 31, 2016, we had approximately 31,200 employees (including part-time and substitute teachers), of whom approximately 1,700 were employed at our corporate, divisional and regional offices, and the remainders of whom were employed at our child care and early education centers. Child care and early education center employees include teachers and support personnel. The total number of employees includes approximately 10,300 employees working outside of the United States, which increased from the prior year in large part due to the acquisition of approximately 2,600 employees that joined us through the acquisition of Conchord Limited (Asquith). We conduct annual surveys to assess employee satisfaction and can adjust programs, benefits offerings, trainings, communications and other support to meet employee needs and enhance retention. We have a long track record of being named a “Best Place to Work” by *Fortune Magazine* in the United States and more recently in the United Kingdom, Ireland and the Netherlands based largely upon employee responses to surveys. None of our employees are represented by a labor union and we believe our relationships with our employees are good.

## **Facilities**

Our child care and early education centers are primarily operated at work-site locations and vary in design and capacity in accordance with employer sponsor needs and state and local regulatory requirements. Our North American child care and early education centers typically have an average capacity of 127 children. Our locations in Europe have an average capacity of 80 children. As of December 31, 2016, our child care and early education centers had a total licensed capacity of approximately 115,000 children, with the smallest center having a capacity of 12 children and the largest having a capacity of approximately 572 children.

We believe that attractive, spacious and child-friendly facilities with warm, nurturing and welcoming atmospheres are an important element in fostering a high-quality learning environment for children. Our centers are designed to be open and bright and to maximize supervision visibility. We devote considerable resources to equipping our centers with child-sized amenities, indoor and outdoor play areas comprised of age-appropriate materials and design, family hospitality areas and computer centers. Commercial kitchens are typically only present in those centers where regulations require that hot meals be prepared on site.

## **Available Information**

The Company files or furnishes reports and other information with the Securities and Exchange Commission (“SEC”). We make available, free of charge, on our corporate website [www.brighthorizons.com](http://www.brighthorizons.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The public may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Information filed with the SEC is also available at [www.sec.gov](http://www.sec.gov). References to these websites do not constitute incorporation by reference of the information contained therein and should not be considered part of this document.

## **Item 1A. Risk Factors**

### **Risks Related to Our Business and Industry**

***Changes in the demand for child care and other dependent care services, which may be negatively affected by economic conditions, may affect our operating results.***

Our business strategy depends on employers recognizing the value in providing employees with child care and other dependent care services as an employee benefit. The number of employers that view such services as cost-effective or beneficial to their workforces may not continue to grow or may diminish. In addition, demographic trends, including the number of two working parent or working single parent families in the workforce, may not continue to lead to increased demand for our services. Such changes could materially and adversely affect our business and operating results.

Even among employers that recognize the value of our services, demand may be adversely affected by general economic conditions. For example, during the 2008-2010 recession, we believe sustained uncertainty in U.S. and global economic

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conditions and persistently high unemployment domestically resulted in reduced enrollment levels at our mature P&L centers. Should the economy experience additional or prolonged weakness, employer clients may reduce or eliminate their sponsorship of work and family services, and prospective clients may not commit resources to such services. In addition, a reduction in the size of an employer's workforce could negatively impact the demand for our services and result in reduced enrollment or failure of our employer clients to renew their contracts. A deterioration of general economic conditions may adversely impact the need for our services because out-of-work parents may decrease or discontinue the use of child care services, or be unwilling to pay tuition for high-quality services. Additionally, we may not be able to increase tuition at a rate consistent with increases in our operating costs. If demand for our services were to decrease, it could disrupt our operations and have a material adverse effect on our business and operating results.

### ***Our business depends largely on our ability to hire and retain qualified teachers.***

State laws require our teachers and other staff members to meet certain educational and other minimum requirements, and we often require that teachers and staff at our centers have additional qualifications. We are also required by state laws to maintain certain prescribed minimum adult-to-child ratios. If we are unable to hire and retain qualified teachers at a center, we could be required to reduce enrollment or be prevented from accepting additional enrollment in order to comply with such mandated ratios. In certain markets, we may experience labor issues or difficulty in attracting, hiring and retaining qualified teachers, which may require us to offer increased salaries and enhanced benefits in these more competitive markets. This could result in increased costs at centers located in these markets. Difficulties in hiring and retaining qualified personnel may also affect our ability to meet growth objectives in certain geographies and to take advantage of additional enrollment opportunities at our child care and early education centers in these markets.

### ***Our substantial indebtedness could adversely affect our financial condition.***

We have a significant amount of indebtedness from the issuance of our term loans and borrowings under our revolving credit facility. Information on our debt is included in "Management's Discussion and Analysis" in Item 7 of Part II of this Annual Report and Note 9 in our consolidated financial statements in Item 8 of Part II of this Annual Report. Our high level of debt could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing;
- requiring a substantial portion of our cash flow to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flow available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- exposing us to the risk of increased interest rates as certain of our borrowings are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete; and
- placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt at more favorable interest rates.

In addition, the borrowings under our senior secured credit facilities bear interest at variable rates. If market interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect our cash flow. Assuming all amounts under our senior secured credit facilities are fully drawn, a 100 basis point change in interest rates would result in a \$13.0 million change in annual interest expense on our indebtedness under our senior secured credit facilities (subject to our base rate and Eurocurrency rate, as applicable). While we may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

### ***The terms of our indebtedness restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.***

The credit agreement governing our senior secured credit facilities contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to incur certain liens, make investments and acquisitions, incur or guarantee additional indebtedness, pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock, or enter into certain other types of contractual arrangements affecting our subsidiaries or indebtedness. In addition, the restrictive covenants in the credit agreement governing our senior secured credit facilities require us to maintain specified financial ratios and satisfy other financial condition tests, and we expect that the agreements governing any new senior secured credit facilities will contain similar requirements to satisfy financial condition tests and, with respect to any new revolving credit facility, maintain specified financial ratios, subject to certain conditions. Our ability to meet those financial ratios and tests can be affected by events beyond our control.



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A breach of the covenants under the credit agreement governing our senior secured credit facilities, or any replacement facility, could result in an event of default unless we obtain a waiver to avoid such default. If we are unable to obtain a waiver, we may suffer adverse effects on our operations, business and financial condition, and such a default may allow the creditors to accelerate the related debt and may result in the acceleration of or default under any other debt to which a cross-acceleration or cross-default provision applies. In the event our lenders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

### ***Acquisitions may disrupt our operations or expose us to additional risk.***

Acquisitions are an integral part of our growth strategy. Acquisitions involve numerous risks, including potential difficulties in the integration of acquired operations, such as bringing new centers through the re-licensing or accreditation processes, successfully implementing our curriculum programs, not meeting financial objectives, increased costs, undisclosed liabilities not covered by insurance or by the terms of the acquisition, diversion of management's attention and resources in connection with an acquisition, loss of key employees of the acquired operation, failure of acquired operations to effectively and timely adopt our internal control processes and other policies, and write-offs or impairment charges relating to goodwill and other intangible assets. We may not have success in identifying, executing and integrating acquisitions in the future.

### ***The growth of our business may be adversely affected if we do not implement our growth strategies successfully.***

Our ability to grow in the future will depend upon a number of factors, including the ability to develop and expand new and existing client relationships, to continue to provide and expand the high-quality services we offer and to hire and train qualified personnel. Achieving and sustaining growth increases requires the successful execution of our growth strategies, which may require the implementation of enhancements to operational and financial systems, expanded sales and marketing capacity and additional or new organizational resources. We may be unable to manage our expanding operations effectively, or we may be unable to maintain or accelerate our growth.

### ***Because our success depends substantially on the value of our brands and reputation as a provider of choice, adverse publicity could impact the demand for our services.***

Adverse publicity concerning reported incidents or allegations of physical or sexual abuse or other harm to a child at any child care center, whether or not directly relating to or involving Bright Horizons, could result in decreased enrollment at our child care centers, termination of existing corporate relationships or inability to attract new corporate relationships, or increased insurance costs, all of which could adversely affect our operations. Brand value and our reputation can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in substantial litigation. These incidents may arise from events that are beyond our ability to control and may damage our brands and reputation, such as instances of physical or sexual abuse or actions taken (or not taken) by one or more center managers or teachers relating to the health, safety or welfare of children in our care. In addition, from time to time, customers and others make claims and take legal action against us. Whether or not customer claims or legal action have merit, they may adversely affect our reputation and the demand for our services. Demand for our services could diminish significantly if any such incidents or other matters erode consumer confidence in us or our services, which would likely result in lower sales, and could materially and adversely affect our business and operating results. Any reputational damage could have a material adverse effect on our brand value and our business, which, in turn, could have a material adverse effect on our financial condition and results of operations.

### ***The success of our operations in international markets is highly dependent on the expertise of local management and operating staff, as well as the political, social, legal and economic operating conditions of each country in which we operate.***

The success of our business depends on the actions of our employees. In international markets that are newer to our business, we are highly dependent on our current local management and operating staff to operate our centers in these markets in accordance with local law and best practices. If the local management or operating staff were to leave our employment, we would have to expend significant time and resources building up our management or operational expertise in these markets. Such a transition could adversely affect our reputation in these markets and could materially and adversely affect our business and operating results.

If the international markets in which we compete are affected by changes in political, social, legal, economic or other factors, our business and operating results may be materially and adversely affected. As of December 31, 2016, we had 342 centers located in five foreign countries; therefore, we are subject to inherent risks attributed to operating in a global economy. Our international operations may subject us to additional risks that differ in each country in which we operate, and such risks may negatively affect our results. The factors impacting the international markets in which we operate may include changes in laws and regulations affecting the operation of child care centers, the imposition of restrictions on currency conversion or the transfer of funds or increases in the taxes paid and other changes in applicable tax laws.

In addition, instability in European financial markets or other events could cause fluctuations in exchange rates that may affect our revenues. Most of our revenues, costs and debts are denominated in U.S. dollars. However, revenues and costs from our operations outside of the United States are denominated in the currency of the country in which the center is located, and

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these currencies could become less valuable as a result of exchange rate fluctuations. The current economic challenges in Europe and uncertainties surrounding the pending exit of the United Kingdom from the European Union may cause the value of the European currencies, including the British pound and the Euro, to further deteriorate. Market perceptions concerning this and related issues could adversely affect the value of our Euro- and British pound-denominated assets. Unfavorable currency fluctuations as a result of this and other market forces could result in a reduction in our revenues and net earnings, which in turn could materially and adversely affect our business and operating results.

***Our business activities subject us to litigation risks that may lead to significant reputational damage, money damages and other remedies and increase our litigation expense.***

Because of the nature of our business, we may be subject to claims and litigation alleging negligence, inadequate supervision or other grounds for liability arising from injuries or other harm to the people we serve, primarily children. We may also be subject to employee claims based on, among other things, discrimination, harassment or wrongful termination. In addition, claimants may seek damages from us for physical or sexual abuse, and other acts allegedly committed by our employees or agents. We face the risk that additional lawsuits may be filed which could result in damages and other costs that our insurance may be inadequate to cover. In addition to diverting our management resources, such allegations may result in publicity that may materially and adversely affect us and our brands, regardless of whether such allegations are valid. Any such claim or the publicity resulting from it may have a material adverse effect on our business, reputation, results of operations and financial condition including, without limitation, adverse effects caused by increased cost or decreased availability of insurance and decreased demand for our services from employer sponsors and families.

Our international operations may be subject to additional risks related to litigation, including difficulties enforcing contractual obligations governed by foreign law due to differing interpretations of rights and obligations, limitations on the availability of insurance coverage and limits, compliance with multiple and potentially conflicting laws, new and potentially untested laws and judicial systems and reduced or diminished protection of intellectual property. A substantial judgment against us or one of our subsidiaries could materially and adversely affect our business and operating results.

***Our continued profitability depends on our ability to pass on our increased costs to our customers.***

Hiring and retaining key employees and qualified personnel, including teachers, is critical to our business. Because we are primarily a services business, inflationary factors such as wage and benefits cost increases result in significant increases in the costs of running our business. Although we expect to pay employees at rates above the minimum wage, increases in the statutory minimum wage rates could result in a corresponding increase in the wages we pay to our employees. In addition, increased competition for teachers in certain markets could result in significant increases in the costs of running our business. Any employee organizing efforts could also increase our payroll and benefits expenses. Our success depends on our ability to continue to pass along these costs to our customers. In the event that we cannot increase the cost of our services to cover these higher wage and benefit costs without reducing customer demand for our services, our revenues could be adversely affected, which could have a material adverse effect on our financial condition and results of operations, as well as our growth.

***Changes in our relationships with employer sponsors may affect our operating results.***

We derive a significant portion of our business from child care and early education centers associated with employer sponsors for whom we provide these services at single or multiple sites pursuant to contractual arrangements. Our contracts with employers for full service center-based care typically have terms of three to ten years, and our contracts related to back-up dependent care typically have terms of one to three years. While we have a history of consistent contract renewals, we may not experience a similar renewal rate in the future. The termination or non-renewal of a significant number of contracts or the termination of a multiple-site client relationship could have a material adverse effect on our business, results of operations, financial condition or cash flows.

***Significant increases in the costs of insurance or of insurance claims or our deductibles may negatively affect our profitability.***

We currently maintain the following major types of commercial insurance policies: workers' compensation, commercial general liability (including coverage for sexual and physical abuse), professional liability, automobile liability, excess and "umbrella" liability, commercial property coverage, student accident coverage, employment practices liability, commercial crime coverage, fiduciary liability, privacy breach/cyber liability and directors' and officers' liability. These policies are subject to various limitations, exclusions and deductibles. To date, we have been able to obtain insurance in amounts we believe to be appropriate. Such insurance, particularly coverage for sexual and physical abuse, may not continue to be readily available to us in the form or amounts we have been able to obtain in the past, or our insurance premiums could materially increase in the future as a consequence of conditions in the insurance business or in the child care industry.



***We depend on key management and key employees to manage our business.***

Our success depends on the efforts, abilities and continued services of our executive officers and other key employees. We believe future success will depend upon our ability to continue to attract, motivate and retain highly-skilled managerial, sales and marketing, divisional, regional and child care and early education center director personnel. Failure to retain our leadership team and attract and retain other important personnel could lead to disruptions in management and operations, which could affect our business and operating results.

***Our operating results are subject to seasonal fluctuations.***

Our revenue and results of operations fluctuate with the seasonal demands for child care and the other services we provide. Revenue in our child care centers that have mature operating levels typically declines during the third quarter due to decreased enrollments over the summer months as families withdraw children for vacations and older children transition into elementary schools. In addition, use of our back-up services tends to be higher when school is not in session and during holiday periods, which can increase the operating costs of the program and impact results of operations. We may be unable to adjust our expenses on a short-term basis to minimize the effect of these fluctuations in revenue. Our quarterly results of operations may also fluctuate based upon the number and timing of child care center openings and/or closings, acquisitions, the performance of new and existing child care and early education centers, the contractual arrangements under which child care centers are operated, the change in the mix of such contractual arrangements, competitive factors and general economic conditions. The inability of existing child care centers to maintain their current enrollment levels and profitability, the failure of newly opened child care centers to contribute to profitability and the failure to maintain and grow our other services could result in additional fluctuations in our future operating results on a quarterly or annual basis.

***Significant competition in our industry could adversely affect our results of operations.***

We compete for enrollment and sponsorship of our child care and early education centers in a highly-fragmented market. For enrollment, we compete with family child care (operated out of the caregiver's home) and center-based child care (such as residential and work-site child care centers, full- and part-time nursery schools, private and public elementary schools and church-affiliated and other not-for-profit providers). In addition, substitutes for organized child care, such as relatives and nannies caring for children, can represent lower cost alternatives to our services. For sponsorship, we compete primarily with large community-based child care companies with divisions focused on employer sponsorship and with regional child care providers who target employer sponsorship. We believe that our ability to compete successfully depends on a number of factors, including quality of care, site convenience and cost. We often face a price disadvantage to our competition, which may have access to greater financial resources, greater name recognition or lower operating or compliance costs. In addition, certain competitors may be able to operate with little or no rental expense and sometimes do not comply or are not required to comply with the same health, safety and operational regulations with which we comply. Therefore, we may be unable to continue to compete successfully against current and future competitors.

***Breaches in data security could adversely affect our financial condition and operating results.***

For various operational needs, we collect and store certain personal information from our clients, the families and children we serve, and our employees, including credit card information, which may expose us to increased risk of privacy and/or security breaches. We utilize third-party vendors and electronic payment methods to process and store some of this information. While we have policies and practices that protect our data, failure of these systems to operate effectively or a compromise in the security of our systems that results in unauthorized persons or entities obtaining personal information could materially and adversely affect our reputation and our operations, operating results, and financial condition. In addition, breaches in our data security, that of our affiliates or other third-parties, could expose us to risks of data loss or inappropriate disclosure of confidential or proprietary information, litigation or the imposition of penalties against us, liability, and could result in a disruption of our operations. Any relating negative publicity could significantly harm our reputation and could materially and adversely affect our business and operating results.

***Changes in laws and regulations could impact the way we conduct business.***

Our child care and early education centers are subject to numerous national, state and local regulations and licensing requirements. Although these regulations vary greatly from jurisdiction to jurisdiction, government agencies generally review, among other issues, the adequacy of buildings and equipment, licensed capacity, the ratio of adults to children, educational qualifications and training of staff, record keeping, dietary program, daily curriculum, hiring practices and compliance with health and safety standards. Failure of a child care or early education center to comply with applicable regulations and requirements could subject it to governmental sanctions, which can include fines, corrective orders, placement on probation or, in more serious cases, suspension or revocation of one or more of our child care centers' licenses to operate, and require significant expenditures to bring those centers into compliance.

***Governmental universal child care benefit programs could reduce the demand for our services.***

National, state or local child care benefit programs comprised primarily of subsidies in the form of tax credits or other direct government financial aid provide us opportunities for expansion in additional markets. However, a universal benefit with governmentally mandated or provided child care could reduce the demand for early care services at our existing child care and early education centers due to the availability of lower cost care alternatives or could place downward pressure on the tuition and fees we charge, which could adversely affect our revenues and results of operations.

***Our tax rate is dependent on a number of factors, a change in any of which could impact our future tax rates and net income.***

As a global company, our future tax rates may be adversely affected by a number of factors, including changes in tax laws or the interpretation of such tax laws in the various jurisdictions in which we operate; changes in the estimated realization of our net deferred tax assets; the jurisdictions in which profits are determined to be earned and taxed; the repatriation of non-U.S. earnings for which we have not previously provided taxes; adjustments to estimated taxes upon finalization of various tax returns; increases in expenses that are not deductible for tax purposes, including impairment of goodwill in connection with acquisitions; changes in available tax credits; and the resolution of issues arising from tax audits with various tax authorities. Losses for which no tax benefits can be recorded could materially impact our tax rate and its volatility from one quarter to another. Any significant change in our jurisdictional earnings mix or in the tax laws in those jurisdictions could impact our future tax rates and net income in those periods.

***A regional or global health pandemic or other catastrophic event could severely disrupt our business.***

A regional or global health pandemic, depending upon its duration and severity, could severely affect our business. Enrollment in our child care centers could experience sharp declines as families might avoid taking their children out in public in the event of a health pandemic, and local, regional or national governments might limit or ban public interactions to halt or delay the spread of diseases causing business disruptions and the temporary closure of our centers. Additionally, a health pandemic could also impair our ability to hire and retain an adequate level of staff. A health pandemic may have a disproportionate impact on our business compared to other companies that depend less on the performance of services by employees.

Other unforeseen events, including war, terrorism and other international, regional or local instability or conflicts (including labor issues), embargos, natural disasters such as earthquakes, tsunamis, hurricanes, or other adverse weather and climate conditions, whether occurring in the United States or abroad, could disrupt our operations or result in political or economic instability. Enrollment in our child care centers could experience sharp declines as families might avoid taking their children out in public as a result of one or more of these events.

**Risks Related to Our Common Stock**

***Our stock price could be extremely volatile, and, as a result, you may not be able to resell your shares at or above the price you paid for them.***

Since our initial public offering in January 2013, the price of our common stock, as reported on the New York Stock Exchange, has ranged from a low of \$27.50 on January 25, 2013 to a high of \$72.80 on November 14, 2016. In addition, the stock market in general has been highly volatile. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease, which could be substantial, in the value of their stock, including decreases unrelated to our operating performance or prospects, and could lose part or all of their investment. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including those described elsewhere herein and others such as:

- variations in our operating performance and the performance of our competitors;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments affecting us or our industry;
- speculation in the press or investment community;

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- changes in accounting principles;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters and other calamities; and
- changes in general market and economic conditions.

In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

***Your percentage ownership in us may be diluted by future issuances of capital stock, which could reduce your influence over matters on which stockholders vote.***

Pursuant to our restated bylaws, our board of directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock. Issuances of common stock or voting preferred stock would reduce your influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, would likely result in your interest in us being subject to the prior rights of holders of that preferred stock.

***There may be sales of a substantial amount of our common stock by our current stockholders, and these sales could cause the price of our common stock to fall.***

As of February 10, 2017, there were 59,511,773 shares of common stock outstanding. Approximately 21.8% of our outstanding common stock is beneficially owned by investment funds affiliated with the Sponsor and our officers and directors. Sales of substantial amounts of our common stock in the public market, or the perception that such sales will occur, could adversely affect the market price of our common stock.

In addition, certain holders of shares of our common stock may require us to register their shares for resale under the federal securities laws, and holders of additional shares of our common stock would be entitled to have their shares included in any such registration statement, all subject to reduction upon the request of the underwriter(s) of the offering, if any. Registration of those shares would allow the holders to immediately resell their shares in the public market. Any such sales or anticipation thereof could cause the market price of our common stock to decline.

In addition, we have registered 5 million shares of common stock that are reserved for issuance under our 2012 Omnibus Long-Term Incentive Plan. As of December 31, 2016, there were approximately 2.3 million shares of common stock available for grant.

***Provisions in our charter documents and Delaware law may deter takeover efforts that could be beneficial to stockholder value.***

In addition to the Sponsor's beneficial ownership of a substantial percentage of our common stock, our certificate of incorporation and restated by-laws and Delaware law contain provisions that could make it harder for a third party to acquire us, even if doing so might be beneficial to our stockholders. These provisions include a classified board of directors and limitations on actions by our stockholders, including the need for super majority approval to amend, alter, change or repeal specified provisions of our certificate of incorporation and bylaws, a prohibition on the ability of our stockholders to act by written consent and certain limitations on the ability of our stockholders to call a special meeting. In addition, our board of directors has the right to issue preferred stock without stockholder approval that could be used to dilute a potential hostile acquiror. Our certificate of incorporation also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock other than the Sponsor. As a result, you may lose your ability to sell your stock for a price in excess of the prevailing market price due to these protective measures, and efforts by stockholders to change the direction or management of the Company may be unsuccessful.

***Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our certificate of incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our by-laws, or (iv) any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for

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disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

***The Sponsor continues to have significant influence over us which could limit your ability to influence the outcome of key transactions, including a change of control.***

As of February 10, 2017, investment funds affiliated with the Sponsor beneficially owned approximately 21% of our outstanding common stock. For as long as the Sponsor continues to control a substantial percentage of the voting power of our common stock, it will be able to influence the election of the members of our board of directors and could also have some influence over our business and affairs, including any determinations with respect to mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional common stock or other equity securities, the repurchase or redemption of common stock and the payment of dividends.

Additionally, the Sponsor is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. The Sponsor may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

***Because we have no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.***

We may retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our senior secured credit facilities. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

We lease approximately 86,000 square feet of office space for our corporate headquarters in Watertown, Massachusetts under an operating lease that expires in 2020, with two 10 year renewal options. We also lease approximately 50,000 square feet for our contact center in Broomfield, Colorado, as well as spaces for regional administrative offices including locations in Rushden and London in the United Kingdom, and Amsterdam, in the Netherlands.

As of December 31, 2016, we operated 1,035 child care and early education centers in 41 U.S. states and the District of Columbia, Puerto Rico, the United Kingdom, Canada, Ireland, the Netherlands and India, of which 121 were owned, with the remaining centers being operated under leases or operating agreements. The leases typically have initial terms ranging from 10 to 15 years with various expiration dates, often with renewal options. The following table summarizes the locations of our child care and early education centers as of December 31, 2016:

<u>Location</u>	<u>Number of Centers</u>
United States:	
Alabama	2
Alaska	1
Arizona	9
California	75
Colorado	15
Connecticut	18
Delaware	5
District of Columbia	20
Florida	34
Georgia	25
Illinois	48

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<u>Location</u>	<u>Number of Centers</u>
Indiana	7
Iowa	8
Kentucky	6
Louisiana	3
Maine	1
Maryland	13
Massachusetts	64
Michigan	13
Minnesota	8
Mississippi	1
Missouri	8
Montana	2
Nebraska	4
Nevada	4
New Hampshire	3
New Jersey	49
New York	51
North Carolina	19
Ohio	7
Oklahoma	3
Pennsylvania	58
Puerto Rico	1
Rhode Island	1
South Carolina	4
South Dakota	2
Tennessee	5
Texas	35
Utah	2
Virginia	23
Washington	26
West Virginia	1
Wisconsin	9
Total number of centers in the United States	693
Canada	2
Ireland	4
United Kingdom	304
Netherlands	30
India	2
Total number of centers	1,035

We believe that our properties are generally in good condition, are adequate for our operations, and meet or exceed the regulatory requirements for health, safety and child care licensing established by the governments where they are located.

### Item 3. Legal Proceedings

We are, from time to time, subject to claims and suits arising in the ordinary course of business. Such claims have in the past generally been covered by insurance. We believe the outcome of such pending legal matters will not have a material adverse effect on our financial position, results of operations or cash flows, although we cannot predict the ultimate outcome of any such actions. Furthermore, there can be no assurance that our insurance will be adequate to cover all liabilities that may arise out of claims brought against us.

#### Item 4. Mine Safety Disclosures

None.

#### Executive Officers of the Registrant

Set forth below is certain information about our executive officers. Ages are as of December 31, 2016.

*David H. Lissy*, age 51, has served as a director of the Company since 2001 and as Chief Executive Officer of the Company since January 2002. Mr. Lissy served as Chief Development Officer of the Company from 1998 until January 2002. He also served as Executive Vice President from June 2000 to January 2002. He joined Bright Horizons in August 1997 and served as Vice President of Development until the merger with CorporateFamily Solutions, Inc. in July 1998. Prior to joining Bright Horizons, Mr. Lissy served as senior vice president/general manager at Aetna U.S. Healthcare in the New England region. Prior to that Mr. Lissy held a similar role at US Healthcare, Inc. prior to that company's acquisition by Aetna. Mr. Lissy currently serves on the boards of Altegra Health, Jumpstart and Ithaca College.

*Mandy Berman*, age 46, has served as the Executive Vice President and Chief Administrative Officer of the Company since January 2016. From January 2014 until December 2015, Ms. Berman served as Executive Vice President, Back-up and Global Operations and, from September 2005 to December 2013, she served as Vice President, Back-up Care Operations and then Senior Vice President, Back-up Care Operations. Ms. Berman joined Bright Horizons through the acquisition of ChildrenFirst, Inc. in 2005 and as Vice President of Special Projects. Prior to joining Bright Horizons, Ms. Berman was part of the founding team for Project Achieve, a provider of management information systems for charter and public schools, and was a management consultant for the Parthenon Group.

*Elizabeth J. Boland*, age 57, has served as Chief Financial Officer of the Company since June 1999. Ms. Boland joined Bright Horizons in September 1997 and served as Chief Financial Officer and, subsequent to the merger between Bright Horizons and CorporateFamily Solutions, Inc. in July 1998, served as Senior Vice President of Finance for the Company until June 1999. From 1994 to 1997, Ms. Boland was chief financial officer of The Visionaries, Inc., an independent television production company. From 1990 to 1994, Ms. Boland served as vice president-finance for Olsten Corporation, a publicly traded provider of home-health care and temporary staffing services. From 1981 to 1990, she worked on the audit staff at Price Waterhouse, LLP in Boston, completing her tenure as a senior audit manager.

*Mary Lou Burke Afonso*, age 52, has served as Chief Operating Officer, North America Center Operations of the Company since January 2016 and is a 20-year veteran of the Company. Ms. Burke Afonso served as the Company's Executive Vice President of North America Center Operations from January 2014 until December 2015 and, from January 2005 to December 2013, she served as Senior Vice President, Client Relations. Prior to that she has served as in a variety of leadership positions in Finance, Center Operations, Business Operations, Client Relations, and College Coach. Prior to joining Bright Horizons in 1995, Ms. Burke Afonso served as the controller for BOSE Corporation in France and controller of their retail division in the U.S. She also worked on the audit staff at Price Waterhouse, LLP in Boston.

*Stephen I. Dreier*, age 74, has served as Executive Vice President and Secretary of the Company since January 2016. He joined Bright Horizons as Vice President and Chief Financial Officer in August 1988 and became its Secretary in November 1988 and Treasurer in September 1994. Mr. Dreier served as Bright Horizons' Chief Financial Officer and Treasurer until September 1997, at which time he was appointed to the position of Chief Administrative Officer. Mr. Dreier served as Chief Administrative Officer of the Company from 1997 until December 2015. From 1976 to 1988, Mr. Dreier was Senior Vice President of Finance and Administration for the John S. Cheever/Paperama Company.

*Stephen H. Kramer*, age 46, has served as President of the Company since January 2016. Mr. Kramer served as the Chief Development Officer from January 2014 until December 2015 and as Senior Vice President, Strategic Growth & Global Operations from January 2010 until December 2013. He served as Managing Director, Europe based in the United Kingdom from January 2008 until December 2009. He joined Bright Horizons in September 2006 through the acquisition of College Coach, which he cofounded and led for eight years. Previously he was an Associate at Fidelity Ventures, the venture capital arm of Fidelity Investments and a consultant with Arthur D. Little.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Principal Market**

Our common stock has been listed on the NYSE under the symbol "BFAM" since January 25, 2013. Prior to that time, there was no public market for our common stock. The following tables set forth the high and low sales prices of our common stock for each of the fiscal quarters ended March 31, June 30, September 30 and December 31 for the past two fiscal years as reported on the NYSE.

<b>2016:</b>	<b>High</b>	<b>Low</b>
First quarter	\$ 70.59	\$ 60.18
Second quarter	\$ 67.44	\$ 63.15
Third quarter	\$ 69.95	\$ 63.40
Fourth quarter	\$ 72.80	\$ 59.00

<b>2015:</b>	<b>High</b>	<b>Low</b>
First quarter	\$ 53.19	\$ 43.77
Second quarter	\$ 60.00	\$ 48.89
Third quarter	\$ 66.52	\$ 56.76
Fourth quarter	\$ 69.09	\$ 59.85

As of February 10, 2017, there were 23 holders of record of our common stock.

**Dividend Policy**

There were no cash dividends paid on our common stock during the past two fiscal years. Our board of directors does not currently intend to pay regular dividends on our common stock. However, we expect to reevaluate our dividend policy on a regular basis and may, subject to compliance with the covenants contained in our senior secured credit facilities and other considerations, determine to pay dividends in the future.

**Issuer Purchases of Equity Securities**

The following table sets forth information regarding purchases of our common stock during the three months ended December 31, 2016:

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)</b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (In thousands) (1)</b>
October 1, 2016 to October 31, 2016	84,166	\$ 65.49	84,166	\$ 294,311
November 1, 2016 to November 30, 2016	124,512	\$ 63.12	124,512	\$ 286,452
December 1, 2016 to December 31, 2016	53,736	\$ 68.08	53,736	\$ 282,793
	<u>262,414</u>		<u>262,414</u>	

- (1) On August 2, 2016, the board of directors of the Company authorized a share repurchase program of up to \$300.0 million of our common stock, effective August 5, 2016. The share repurchase program, which has no expiration date, replaced the prior February 4, 2015 authorization. All repurchased shares have been retired.

**Equity Compensation Plans**

The following table provides information as of December 31, 2016 with respect to shares of our common stock that may be issued under existing equity compensation plans.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)</b> (a)	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (1)</b> (b)	<b>Number of Securities Remaining Available For Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))</b> (c)
Equity compensation plans approved by security holders	4,048,738	\$ 31.06	2,300,765
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>4,048,738</b>	<b>\$ 31.06</b>	<b>2,300,765</b>

(1) The number of securities includes 26,066 shares that may be issued upon the settlement of restricted stock units. The restricted stock units are excluded from the weighted average exercise price calculation.

**Performance Graph**

*The following performance graph and related information shall not be deemed to be “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference into such filing.*

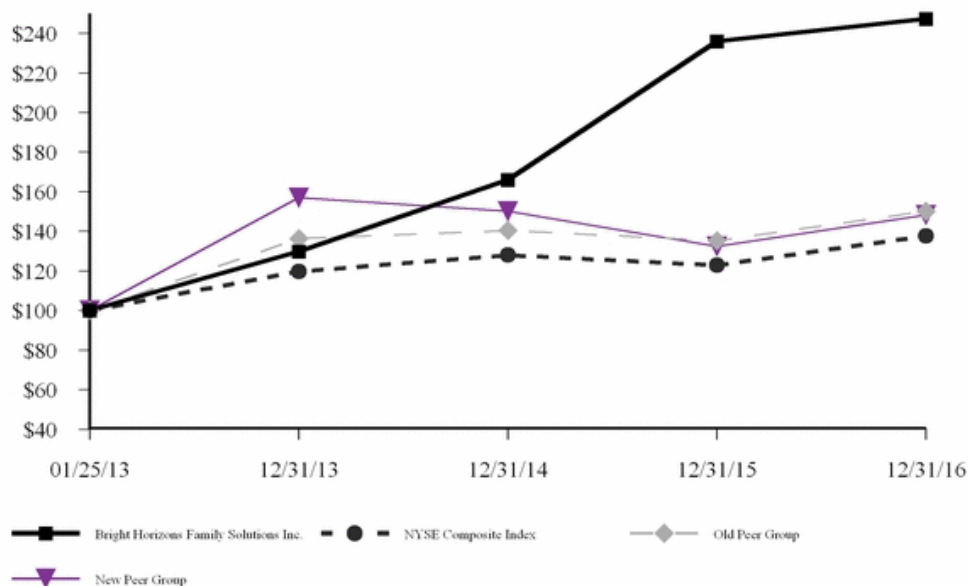
The following graph compares the total return to stockholders on our common stock from January 25, 2013, the date our stock became listed on the NYSE, through December 31, 2016, relative to the total return of the following:

- the New York Stock Exchange Composite Index;
- a new peer group that we selected in good faith, consisting of five other companies in the education and contracted outsourced/business services sector: The Advisory Board Company, The Corporate Executive Board Company, Healthways, Wageworks, and Nord Anglia Education, Inc. (the “New Peer Group”); and,
- the old peer group that was selected in good faith, and consisted of seven other companies in the contracted outsourced/business services sector: The Advisory Board Company, The Corporate Executive Board Company, Healthways, IHS Inc., Iron Mountain Inc., Towers Watson and Wageworks (the “Old Peer Group”). Bright Horizons modified its self-constructed peer index for the year ended December 31, 2016, due to merger and acquisition activity and business model changes in certain underlying companies included in the Old Peer Group that were no longer deemed adequate comparables.



The graph assumes that \$100 was invested in our common stock, and in the index and peer groups noted above, and that all dividends, if any, were reinvested. No dividends have been declared or paid on our common stock since January 25, 2013.

The stock price performance shown in the graph is not necessarily indicative of future performance.



	January 25, 2013	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Bright Horizons Family Solutions Inc.	\$ 100.00	\$ 129.73	\$ 166.00	\$ 235.88	\$ 247.25
NYSE Composite Index	\$ 100.00	\$ 119.71	\$ 127.92	\$ 122.82	\$ 137.65
New Peer Group	\$ 100.00	\$ 156.97	\$ 150.21	\$ 132.44	\$ 148.18
Old Peer Group	\$ 100.00	\$ 136.30	\$ 140.42	\$ 135.25	\$ 150.05

**Item 6. Selected Financial Data**

The following table sets forth our selected historical consolidated financial data for the periods indicated, and should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes thereto appearing in Part II, Item 8 of this Annual Report on Form 10-K. The selected historical financial data has been derived from our audited consolidated financial statements. Historical results are not necessarily indicative of the results to be expected for future periods.

	Years Ended December 31,				
	2016	2015	2014	2013	2012
	(In thousands, except share data)				
<b>Consolidated Statement of Income Data:</b>					
Revenue	\$ 1,569,841	\$ 1,458,445	\$ 1,352,999	\$ 1,218,776	\$ 1,070,938
Cost of services	1,178,994	1,100,690	1,039,397	937,840	825,168
Gross profit	390,847	357,755	313,602	280,936	245,770
Selling, general and administrative expenses	163,967	148,164	137,683	141,827	123,373
Amortization of intangible assets	29,642	27,989	28,999	30,075	26,933
Income from operations	197,238	181,602	146,920	109,034	95,464
Loss on extinguishment of debt (1)	(11,117)	—	—	(63,682)	—
Interest income	81	163	103	85	152
Interest expense	(43,005)	(41,609)	(34,709)	(40,626)	(83,864)
Net interest expense and other	(54,041)	(41,446)	(34,606)	(104,223)	(83,712)
Income before income taxes	143,197	140,156	112,314	4,811	11,752
Income tax (expense) benefit	(48,437)	(46,229)	(40,279)	7,533	(3,243)
Net income	94,760	93,927	72,035	12,344	8,509
Net (loss) income attributable to non-controlling interest	—	—	—	(279)	347
<b>Net income attributable to Bright Horizons Family Solutions Inc.</b>	<b>\$ 94,760</b>	<b>\$ 93,927</b>	<b>\$ 72,035</b>	<b>\$ 12,623</b>	<b>\$ 8,162</b>
Accretion of Class L preference	—	—	—	—	79,211
Accretion of Class L preference for vested options	—	—	—	—	5,436
<b>Net income (loss) available to common stockholders</b>	<b>\$ 94,760</b>	<b>\$ 93,927</b>	<b>\$ 72,035</b>	<b>\$ 12,623</b>	<b>\$ (76,485)</b>
Allocation of net income (loss) to common stockholders:					
Class L—basic and diluted	\$ —	\$ —	\$ —	\$ —	\$ 79,211
Common stock—basic	\$ 93,919	\$ 93,287	\$ 71,755	\$ 12,623	\$ (76,485)
Common stock—diluted	\$ 93,938	\$ 93,303	\$ 71,761	\$ 12,623	\$ (76,485)
Earnings (loss) per share:					
Class L—basic and diluted	\$ —	\$ —	\$ —	\$ —	\$ 59.73
Common stock—basic	\$ 1.59	\$ 1.53	\$ 1.09	\$ 0.20	\$ (12.62)
Common stock—diluted	\$ 1.55	\$ 1.50	\$ 1.07	\$ 0.20	\$ (12.62)
Weighted average shares outstanding: (2)					
Class L—basic and diluted	—	—	—	—	1,326,206
Common stock—basic	59,229,069	60,835,574	65,612,572	62,659,264	6,058,512
Common stock—diluted	60,594,895	62,360,778	67,244,172	64,509,036	6,058,512
<b>Consolidated Balance Sheet Data (at period end):</b>					
Total cash and cash equivalents	\$ 14,633	\$ 11,539	\$ 87,886	\$ 29,585	\$ 34,109
Total assets (3)	2,359,017	2,150,541	2,141,076	2,102,670	1,916,108
Total liabilities, excluding debt (3)	530,391	483,722	468,940	449,310	401,125
Total debt, including current maturities (4)	1,140,759	939,211	921,177	764,223	906,643
Total redeemable non-controlling interest	—	—	—	—	8,126
Class L common stock	—	—	—	—	854,101
<b>Total stockholders' equity (deficit)</b>	<b>687,867</b>	<b>727,608</b>	<b>750,959</b>	<b>889,137</b>	<b>(253,887)</b>

(1) The Company recognized a loss on the extinguishment of debt in the years ended December 31, 2016 and 2013 in relation to its debt refinancing on November 2016 and January 2013, respectively.

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- (2) On January 11, 2013, we effected a 1-for-1.9704 reverse split of our Class A common stock. All previously reported Class A per share and Class A share amounts in the table above and in the consolidated financial statements included elsewhere herein have been retroactively adjusted to reflect the reverse stock split. In addition, we converted each share of our Class L common stock into 35.1955 shares of Class A common stock, and, immediately following the conversion of our Class L common stock, reclassified the Class A common stock into common stock, which was recorded in the first quarter of 2013.
- (3) The Balance Sheet Data table above reflects the early adoption of ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. The Company adopted ASU 2015-17 in 2015 prospectively, which resulted in all current deferred tax assets and current deferred tax liabilities being reported as non-current, while prior period deferred tax assets and deferred tax liabilities were not adjusted.
- (4) Total debt includes amounts outstanding under our senior secured credit facilities, including our term loans and revolving credit facility.

### **Item 7. 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 the "Selected Financial Data" and the audited consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and generally contain words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "anticipates" or similar expressions. Our forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from those projected or implied by the forward-looking statement. Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" for a discussion of factors that could cause our actual results to differ from those expressed or implied by forward-looking statements.*

#### **Overview**

We are a leading provider of high-quality child care and early education as well as other services that are designed to help employers and families better address the challenges of work and family life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions, as well as other educational advisory services, as part of their employee benefits packages to improve employee engagement, productivity, recruitment and retention. As of December 31, 2016, we had more than 1,100 client relationships with employers across a diverse array of industries, including 150 Fortune 500 companies and more than 80 of *Working Mother* magazine's 2016 "100 Best Companies for Working Mothers."

At December 31, 2016, we operated 1,035 child care and early education centers, consisting of 695 centers in North America and 340 centers in Europe. We have the capacity to serve approximately 115,000 children in 41 states, the District of Columbia, Puerto Rico, Canada, the United Kingdom, Ireland, the Netherlands and India. We seek to cluster centers in geographic areas to enhance operating efficiencies and to create a leading market presence. Our North American child care and early education centers have an average capacity of 127 children per location, while the centers in Europe have an average capacity of 80 children per location.

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We operate centers for a diverse group of clients. At December 31, 2016, we managed child care centers on behalf of single employers in the following industries and also managed lease/consortium locations in approximately the following proportions:

Classification	Percentage of Centers	
	North America	Europe and Other
<i>Single employer locations:</i>		
Consumer	7.5%	—%
Financial Services	7.5	2.5
Government and Higher Education	17.5	5.0
Healthcare and Pharmaceuticals	20.0	2.5
Industrial/Manufacturing	2.5	2.5
Professional Services and Other	7.5	—
Technology	5.0	2.5
	67.5	15.0
<i>Lease/consortium locations</i>		
	32.5	85.0
	100.0%	100.0%

### Segments

Our primary reporting segments are full service center-based care services and back-up dependent care services. Full service center-based care includes center-based child care, preschool and elementary education. Back-up dependent care includes center-based back-up child care, in-home well child care, in-home mildly-ill child care and adult/elder care. Our remaining business services are included in the other educational advisory services segment, which includes our college preparation and admissions advisory services as well as our tuition reimbursement program management and educational advising services.

### Center Models

We operate our centers under two principal business models, which we refer to as profit & loss (“P&L”) and cost-plus. Approximately 75% of our centers operate under the P&L model. Under this model, we retain the financial risk for the child care and early education centers and are therefore subject to variability in financial performance due to fluctuation in enrollment levels. The P&L model is further classified into two subcategories: (i) a sponsor model and (ii) a lease/consortium model. Under the sponsor model, we provide child care and early education services on a priority enrollment basis for employees of an employer sponsor, and the employer sponsor generally funds the development of the facility, pre-opening and start-up capital equipment, and maintenance costs. Our operating contracts typically have initial terms ranging from three to ten years. Under the lease/consortium model, the child care center is typically located in an office building or office park in a property that we lease, and we provide these services to the employees of multiple employers, as well as to families in the surrounding community. We typically negotiate initial lease terms of 10 to 15 years for these centers, often with renewal options.

When we open a new P&L center, it generally takes two to three years for the center to ramp up to a steady state level of enrollment, as a center will typically enroll younger children at the outset and children age into the older (preschool) classrooms over time. We refer to centers that have been open for three years or less as “ramping centers.” A center will typically achieve breakeven operating performance between 12 to 24 months and will typically achieve a steady state level of enrollment that supports our average center operating profit by the end of three years, although the period needed to reach a steady state level of enrollment may be longer or shorter. Centers that have been open more than three years are referred to as “mature centers.”

Approximately 25% of our centers operate under the cost-plus business model. Under this model, we receive a management fee from the employer sponsor and an additional operating subsidy from the employer to supplement tuition paid by parents of children in the center. Under this model, the employer sponsor typically funds the development of the facility, pre-opening and start-up capital equipment, and maintenance costs, and the center is profitable from the outset. Our cost-plus contracts typically have initial terms ranging from three to five years. For additional information about the way we operate our centers, see “Business—Our Operations” in Part I, Item 1 of this Annual Report.

### Performance and Growth Factors

We believe that 2016 was a successful year for the Company. We grew our income from operations by 8.6%, from \$181.6 million in 2015 to \$197.2 million in 2016, and increased net income from \$93.9 million in 2015 to \$94.8 million in 2016. In addition, we ended 2016 with the capacity to serve approximately 115,000 children and families in our full service

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and back-up child care centers, and we added 128 child care and early education centers and closed 25 centers, resulting in a net increase of 103 centers for the year. We expect to add approximately 30 net new centers in 2017.

Our year-over-year improvement in operating income can be attributed to enrollment gains in ramping and mature centers, disciplined pricing strategies aimed at covering anticipated cost increases with tuition increases, contributions from new mature child care centers added through acquisitions or transitions of management, and expanded back-up dependent care and educational advisory services.

General economic conditions and the business climate in which individual clients operate remain some of the largest variables in terms of our future performance. These variables impact client capital and operating spending budgets, industry specific sales leads and the overall sales cycle, enrollment levels, as well as labor markets and wage rates as competition for human capital fluctuates.

Our ability to increase operating income will depend upon our ability to sustain the following characteristics of our business:

- maintenance and incremental growth of enrollment in our mature and ramping centers, and cost management in response to changes in enrollment in our centers,
- effective pricing strategies, including typical annual tuition increases of 3% to 4%, correlated with expected annual increases in personnel costs, including wages and benefits,
- additional growth in expanded service offerings to clients,
- successful integration of acquisitions and transitions of management of centers, and
- successful management and improvement of underperforming centers.

### ***Cost Factors***

Our most significant expense is cost of services. Cost of services consists of direct expenses associated with the operation of our centers, direct expenses to provide back-up dependent care services (including fees to back-up dependent care providers) and direct expenses to provide educational advisory services. Direct expenses consist primarily of staff salaries, taxes and benefits, food costs, program supplies and materials, parent marketing and facilities costs, including occupancy costs and depreciation. Personnel costs are the largest component of a center's operating costs, and, on a weighted average basis, comprise approximately 70% of a center's operating expenses. We are typically responsible for additional costs in a P&L model center as compared to a cost-plus model center. As a result, personnel costs in centers operating under the P&L model will typically represent a smaller proportion of overall costs when compared to the centers operating under the cost-plus model.

As of December 31, 2016, our consolidated total debt was \$1.1 billion, and a portion of our cash flows from operations has been used to make interest payments on our indebtedness. Interest payments were \$37.1 million in 2016, slightly lower than interest payments of \$38.1 million in 2015, due to the timing of the November 2016 debt refinancing. Based on current applicable interest rates, we expect our interest payments to approximate \$40 million in 2017.

### ***Seasonality***

Our business is subject to seasonal and quarterly fluctuations. Demand for child care and early education and elementary school services has historically decreased during the summer months when school is not in session, at which time families are often on vacation or have alternative child care arrangements. In addition, our enrollment declines as older children transition to elementary schools. Demand for our services generally increases in September and October coinciding with the beginning of the new school year and remains relatively stable throughout the rest of the school year. In addition, use of our back-up dependent care services tends to be higher when schools are not in session and during holiday periods, which can increase the operating costs of the program and impact the results of operations. Results of operations may also fluctuate from quarter to quarter as a result of, among other things, the performance of existing centers, including enrollment and staffing fluctuations, the number and timing of new center openings, acquisitions and management transitions, the length of time required for new centers to achieve profitability, center closings, refurbishment or relocation, the contract model mix (P&L versus cost-plus) of new and existing centers, the timing and level of sponsorship payments, competitive factors and general economic conditions.

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The following table sets forth statement of income data as a percentage of revenue for the three years ended December 31, 2016, (in thousands, except percentages):

	Years Ended December 31,					
	2016		2015		2014	
Revenue	\$ 1,569,841	100.0 %	\$ 1,458,445	100.0 %	\$ 1,352,999	100.0 %
Cost of services (1)	1,178,994	75.1 %	1,100,690	75.5 %	1,039,397	76.8 %
Gross profit	390,847	24.9 %	357,755	24.5 %	313,602	23.2 %
Selling, general and administrative expenses (2)	163,967	10.4 %	148,164	10.2 %	137,683	10.2 %
Amortization of intangible assets	29,642	1.9 %	27,989	1.9 %	28,999	2.1 %
Income from operations	197,238	12.6 %	181,602	12.4 %	146,920	10.9 %
Loss on extinguishment of debt	(11,117)	(0.7)%	—	— %	—	— %
Net interest expense and other	(42,924)	(2.7)%	(41,446)	(2.8)%	(34,606)	(2.6)%
Income before tax	143,197	9.2 %	140,156	9.6 %	112,314	8.3 %
Income tax expense	(48,437)	(3.1)%	(46,229)	(3.2)%	(40,279)	(3.0)%
Net income	\$ 94,760	6.1 %	\$ 93,927	6.4 %	\$ 72,035	5.3 %
Adjusted EBITDA (3)	\$ 299,215	19.1 %	\$ 273,069	18.7 %	\$ 238,081	17.6 %
Adjusted income from operations (3)	\$ 199,723	12.7 %	\$ 182,467	12.5 %	\$ 149,620	11.1 %
Adjusted net income (3)	\$ 130,737	8.3 %	\$ 115,391	7.9 %	\$ 97,238	7.2 %

- (1) Cost of services consists of direct expenses associated with the operation of child care centers, and direct expenses to provide back-up dependent care services, including fees to back-up care providers, and educational advisory services. Direct expenses consist primarily of salaries, payroll taxes and benefits for personnel, food costs, program supplies and materials, and parent marketing and facilities costs, which include occupancy costs and depreciation.
- (2) Selling, general and administrative (“SGA”) expenses consist primarily of salaries, payroll taxes and benefits (including stock-based compensation costs) for corporate, regional and business development personnel. Other overhead costs include information technology, occupancy costs for corporate and regional personnel, professional services fees, including accounting and legal services, and other general corporate expenses.
- (3) Adjusted EBITDA, adjusted income from operations and adjusted net income are non-GAAP measures, which are reconciled to net income below under “Non-GAAP Financial Measures and Reconciliations.”

**Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015**

**Revenue.** Revenue increased \$111.4 million, or 8%, to \$1.6 billion for the year ended December 31, 2016 from \$1.5 billion for the prior year. Revenue growth is primarily attributable to contributions from new and ramping child care and early education centers, expanded sales of our back-up dependent care services and educational advisory services, and typical annual tuition increases of 3% to 4%. Revenue generated by full service center-based care services for the year ended December 31, 2016 increased by \$84.9 million, or 7%, when compared to the prior year, due in part to overall enrollment increases of 7%, partially offset by the effect of lower foreign currency exchange rates for our United Kingdom operations which reduced revenue growth in the full service segment by approximately 2% during the year. Our acquisitions of Hildebrandt Learning Centers, LLC, an operator of 40 centers in the United States on May 19, 2015, Active Learning Childcare Limited, an operator of nine centers in the United Kingdom on July 15, 2015, and Conchord Limited (“Asquith”), an operator of 90 centers and programs in the United Kingdom on November 10, 2016, contributed approximately \$34.9 million of incremental revenue in the year ended December 31, 2016. At December 31, 2016, we operated 1,035 child care and early education centers compared to 932 centers at December 31, 2015.

Revenue generated by back-up dependent care services in the year ended December 31, 2016 increased by \$18.5 million, or 10%, when compared to the prior year. Additionally, revenue generated by other educational advisory services in the year ended December 31, 2016 increased by \$7.9 million, or 20%, when compared to the prior year.

**Cost of Services.** Cost of services increased \$78.3 million, or 7%, to \$1.2 billion for the year ended December 31, 2016 when compared to the prior year. Cost of services in the full service center-based care services segment increased \$57.1 million, or 6%, to \$1.0 billion in 2016 when compared to the prior year. Personnel costs increased 7% as a result of the increase in overall enrollment, routine wage and benefit cost increases, and labor costs associated with centers added since December 31, 2015 that are in the ramping stage. In addition, program supplies, materials, food and facilities costs, which

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comprise approximately 30% of total cost of services for this segment, increased 4% in connection with the enrollment growth and the incremental occupancy costs associated with centers added since December 31, 2015. Cost of services in the back-up dependent care segment increased \$16.1 million, or 16%, to \$115.9 million for the year ended December 31, 2016, primarily for investments in information technology and personnel, and increased care provider fees associated with the higher levels of back-up services provided. Cost of services in the other educational advisory services segment increased by \$5.1 million, or 28%, to \$23.5 million for the year ended December 31, 2016 due to personnel and technology costs related to the incremental sales of these services.

*Gross Profit.* Gross profit increased \$33.1 million, or 9%, to \$390.8 million for the year ended December 31, 2016 when compared to the prior year. Gross profit margin was 25% of revenue for the year ended December 31, 2016, which is consistent with the year ended December 31, 2015. The increase in gross profit is primarily due to contributions from new and acquired centers, increased enrollment in our mature and ramping P&L centers, effective operating cost management, and expanded back-up dependent care and other educational advisory services.

*Selling, General and Administrative Expenses.* SGA increased \$15.8 million, or 11%, to \$164.0 million for the year ended December 31, 2016 compared to \$148.2 million for the prior year, and was 10% of revenue for the year ended December 31, 2016 consistent with the prior year. Results for the year ended December 31, 2016, included \$2.5 million of costs associated with the completion of secondary offerings, costs associated with amending our credit agreement and refinancing our debt, and completed acquisitions. Results for the year ended December 31, 2015, included \$0.9 million of costs associated with secondary offerings and completed acquisitions. After taking these respective charges into account, SGA increased over the comparable 2015 period due primarily to increases in personnel costs, including annual wage increases, continued investments in technology and routine increases in SGA costs.

*Amortization of Intangible Assets.* Amortization expense on intangible assets was \$29.6 million for the year ended December 31, 2016, compared to \$28.0 million for the prior year. The increase in amortization expense is due to the acquisitions completed in 2015 and 2016 offset by decreases from certain intangible assets becoming fully amortized during the period. In connection with the offsetting effects of incremental amortization expense related to acquisitions completed in 2016 and decreases from certain intangible assets that we expect to become fully amortized in 2017, we do not expect any significant change in amortization expense in 2017.

*Income from Operations.* Income from operations increased by \$15.6 million, or 9%, to \$197.2 million for the year ended December 31, 2016 when compared to the prior year. Income from operations was 13% of revenue for the year ended December 31, 2016, compared to 12% in the prior year.

- In the full service center-based care segment, income from operations increased \$14.5 million for the year ended December 31, 2016, when compared to the same period in 2015. Results for the year ended December 31, 2016 included \$2.5 million for the costs associated with the completion of secondary offerings, costs associated with amending our credit agreement and refinancing our debt, and completed acquisitions. Results for the year ended December 31, 2015 included \$0.9 million for the costs associated with the completion of secondary offerings and completed acquisitions. After taking these charges into account, income from operations increased \$16.2 million in 2016 primarily due to the tuition increases, enrollment gains over the prior year, contributions from new and acquired centers that have been added since December 31, 2015, and effective cost management, partially offset by the costs incurred during the ramp-up of certain new lease/consortium centers opened during 2015 and 2016.
- Income from operations for the back-up dependent care segment increased \$0.7 million for the year ended December 31, 2016, compared to the same period in 2015 due to the expanding revenue base.
- Income from operations in the other educational advisory services segment increased \$0.4 million for the year ended December 31, 2016, compared to the same period in 2015 due to the expanding revenue base.

*Extinguishment of Debt, Net Interest Expense and Other.* A loss on the extinguishment of debt of \$11.1 million was recorded in the year ended December 31, 2016, related to the write off of unamortized original issue cost and deferred financing fees in connection with the November 2016 debt refinancing. Net interest expense and other increased to \$42.9 million for the year ended December 31, 2016 from \$41.4 million in 2015 due to the increase in debt from the issuance of \$150.0 million in additional term loans in November 2016 and increased borrowings on our line of credit in 2016 when compared to the same period in 2015.

*Income Tax Expense.* We recorded income tax expense of \$48.4 million during the year ended December 31, 2016, compared to income tax expense of \$46.2 million during the prior year. The effective rate increased to 34% for 2016 from 33% for 2015. The difference between the effective income tax rates and the statutory rates for 2016 and 2015 was due primarily to the treatment of certain permanent items, decrease in tax rates, and differences resulting from filing tax returns.

*Adjusted EBITDA and Adjusted Income from Operations.* Adjusted EBITDA and adjusted income from operations increased \$26.1 million, or 10%, and \$17.3 million, or 10%, respectively, for the year ended December 31, 2016 over the



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comparable period in 2015 primarily as a result of the increase in gross profit due to additional contributions from full-service centers, including the impact of acquired centers, as well as the growth in back-up dependent care services.

*Adjusted Net Income.* Adjusted net income increased \$15.3 million, or 13%, for the year ended December 31, 2016 when compared to the same period in 2015 primarily due to the incremental gross profit described above.

### **Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014**

*Revenue.* Revenue increased \$105.4 million, or 8%, to \$1.5 billion for the year ended December 31, 2015 from \$1.4 billion for the prior year. Revenue growth is primarily attributable to contributions from new and ramping child care and early education centers, expanded sales of our back-up dependent care services and educational advisory services, and typical annual tuition increases of 3% to 4%, partially offset by the effects of foreign currency translation on our European operations. Revenue generated by full service center-based care services for the year ended December 31, 2015 increased by \$80.1 million, or 7%, when compared to the prior year. Our acquisition on May 19, 2015 of Hildebrandt Learning Centers, LLC, an operator of 40 centers in the United States, and on July 15, 2015 of Active Learning Childcare Limited, an operator of nine centers in the United Kingdom, contributed approximately \$29.6 million of incremental revenue in the year ended December 31, 2015. At December 31, 2015, we operated 932 child care and early education centers compared to 884 centers at December 31, 2014.

Revenue generated by back-up dependent care services in the year ended December 31, 2015 increased by \$18.7 million, or 12%, when compared to the prior year. Additionally, revenue generated by other educational advisory services in the year ended December 31, 2015 increased by \$6.6 million, or 20%, when compared to the prior year.

*Cost of Services.* Cost of services increased \$61.3 million, or 6%, to \$1.1 billion for the year ended December 31, 2015 when compared to the prior year. Cost of services in the full service center-based care services segment increased \$51.4 million, or 6%, to \$982.5 million in 2015 when compared to the prior year. Personnel costs increased 5% as a result of an 8% increase in overall enrollment, routine wage and benefit cost increases, and labor costs associated with centers added since December 31, 2014 that are in the ramping stage. In addition, program supplies, materials, food and facilities costs, which comprise approximately 30% of total cost of services for this segment, increased 7% in connection with the enrollment growth and the incremental occupancy costs associated with centers added since December 31, 2014. Cost of services in the back-up dependent care segment increased \$8.9 million, or 10%, to \$99.8 million for the year ended December 31, 2015, primarily for personnel costs and for increased care provider fees associated with the higher levels of back-up services provided. Cost of services in the other educational advisory services segment increased by \$1.0 million, or 6%, to \$18.4 million for the year ended December 31, 2015 due to personnel and technology costs related to the incremental sales of these services.

*Gross Profit.* Gross profit increased \$44.2 million, or 14%, to \$357.8 million for the year ended December 31, 2015 when compared to the prior year. Gross profit margin was 25% of revenue for the year ended December 31, 2015 compared to 23% for the year ended December 31, 2014. The increase in gross profit is primarily due to contributions from new and acquired centers, increased enrollment in our mature and ramping P&L centers, effective operating cost management, and expanded back-up dependent care and other educational advisory services revenue with proportionately lower direct costs.

*Selling, General and Administrative Expenses.* SGA increased \$10.5 million, or 8%, to \$148.2 million for the year ended December 31, 2015 compared to \$137.7 million for the prior year, and was 10% of revenue for the year ended December 31, 2015 consistent with the prior year. Results for the year ended December 31, 2015, included \$0.9 million of costs associated with secondary offerings and completed acquisitions. Results for the year ended December 31, 2014, included \$2.7 million of costs associated with secondary offerings and costs associated with amending our credit agreement. After taking these respective charges into account, SGA increased over the comparable 2014 period due primarily to increases in personnel costs, including annual wage increases, continued investments in technology and routine increases in SGA costs.

*Amortization of Intangible Assets.* Amortization expense on intangible assets totaled \$28.0 million for the year ended December 31, 2015, compared to \$29.0 million for the prior year due primarily to certain intangible assets becoming fully amortized during the 2015 period.

*Income from Operations.* Income from operations increased by \$34.7 million, or 24%, to \$181.6 million for the year ended December 31, 2015 when compared to 2014. Income from operations was 12% of revenue for the year ended December 31, 2015, compared to 11% in the prior year.

- In the full service center-based care segment, income from operations increased \$22.9 million for the year ended December 31, 2015, compared to the same period in 2014. Results for the year ended December 31, 2015 included \$0.9 million for the costs associated with the completion of secondary offerings of our common shares and completed acquisitions. Results for the year ended December 31, 2014 included a proportionate charge of \$2.4 million for the costs associated with the completion of secondary offerings and costs associated with amending our credit agreement. After taking these charges into account, income from operations increased \$21.4 million in 2015 primarily due to the tuition increases, enrollment gains over the prior year, contributions from new and acquired centers, and effective cost



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management, partially offset by the costs incurred during the ramp-up of certain new lease/consortium centers opened during 2014 and 2015 and the effects of foreign currency translation on our European business.

- Income from operations for the back-up dependent care segment increased \$7.6 million for the year ended December 31, 2015, compared to the same period in 2014 due to the expanding revenue base.
- Income from operations in the other educational advisory services segment increased \$4.2 million for the year ended December 31, 2015, compared to the same period in 2014 due to the expanding revenue base.

*Net Interest Expense and Other.* Net interest expense and other increased to \$41.4 million for the year ended December 31, 2015 from \$34.6 million in 2014 due to the increase in debt from the issuance of \$165.0 million in additional term loans in December 2014 and borrowings on our line of credit in 2015.

*Income Tax Expense.* We recorded an income tax expense of \$46.2 million during the year ended December 31, 2015, compared to an income tax expense of \$40.3 million during the prior year. The effective rate decreased to 33% for 2015 from 36% for 2014. The difference between the effective income tax rate and the statutory rate for 2015 was due primarily to the treatment of certain permanent and temporary items adjusted in the first quarter of 2015 by a \$1.3 million benefit, and differences resulting from filing tax returns. The difference between the effective income tax and the statutory rate for 2014 was due primarily to the recognition of unrecognized tax benefits of approximately \$1.5 million due to the completion of tax examinations, a lapse of the statute of limitations in certain jurisdictions in the fourth quarter of 2014 and differences resulting from filing tax returns.

*Adjusted EBITDA and Adjusted Income from Operations.* Adjusted EBITDA and adjusted income from operations increased \$35.0 million, or 15%, and \$32.8 million, or 22%, respectively, for the year ended December 31, 2015 over the comparable period in 2014 primarily as a result of the increase in gross profit due to additional contributions from full-service centers, including the impact of acquired centers, as well as the growth in the back-up dependent care and other educational advisory segments, offset by increases in SGA spending.

*Adjusted Net Income.* Adjusted net income increased \$18.2 million, or 19%, for the year ended December 31, 2015 when compared to the same period in 2014 primarily due to the incremental gross profit described above, which was offset by increases in SGA spending to support the growth and increases in interest expense.

**Non-GAAP Financial Measures and Reconciliation**

In our quarterly and annual reports, earnings press releases and conference calls, we discuss key financial measures that are not calculated in accordance with generally accepted accounting principles in the United States (“GAAP” or “U.S. GAAP”) to supplement our consolidated financial statements presented on a GAAP basis. These non-GAAP financial measures are not in accordance with GAAP and a reconciliation of the non-GAAP measures of adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share are as follows (in thousands, except share data):

	Years Ended December 31,		
	2016	2015	2014
Net income	\$ 94,760	\$ 93,927	\$ 72,035
Interest expense, net	42,924	41,446	34,606
Income tax expense	48,437	46,229	40,279
Depreciation	55,642	50,677	48,448
Amortization of intangible assets (a)	29,642	27,989	28,999
EBITDA	271,405	260,268	224,367
<i>Additional adjustments:</i>			
Loss on extinguishment of debt (b)	11,117	—	—
Deferred rent (c)	2,562	2,736	3,092
Stock-based compensation expense	11,646	9,200	7,922
Expenses related to Credit Agreement amendments, stock offerings, and completed acquisitions (d)	2,485	865	2,700
Total adjustments	27,810	12,801	13,714
<b>Adjusted EBITDA</b>	<b>\$ 299,215</b>	<b>\$ 273,069</b>	<b>\$ 238,081</b>
Income from operations	\$ 197,238	\$ 181,602	\$ 146,920
Expenses related to Credit Agreement amendments, stock offerings, and completed acquisitions (d)	2,485	865	2,700
<b>Adjusted income from operations</b>	<b>\$ 199,723</b>	<b>\$ 182,467</b>	<b>\$ 149,620</b>
Net income	\$ 94,760	\$ 93,927	\$ 72,035
Income tax expense	48,437	46,229	40,279
Income before tax	143,197	140,156	112,314
Stock-based compensation expense	11,646	9,200	7,922
Amortization of intangible assets (a)	29,642	27,989	28,999
Loss on extinguishment of debt (b)	11,117	—	—
Expenses related to Credit Agreement amendments, stock offerings, and completed acquisitions (d)	2,485	865	2,700
Adjusted income before tax	198,087	178,210	151,935
Adjusted income tax expense (e)	(67,350)	(62,819)	(54,697)
<b>Adjusted net income</b>	<b>\$ 130,737</b>	<b>\$ 115,391</b>	<b>\$ 97,238</b>
Weighted average number of common shares-diluted	60,594,895	62,360,778	67,244,172
<b>Diluted adjusted earnings per common share</b>	<b>\$ 2.16</b>	<b>\$ 1.85</b>	<b>\$ 1.45</b>

(a) Represents amortization of intangible assets, including approximately \$18.1 million, \$18.0 million and \$19.0 million for the years ended December 31, 2016, 2015 and 2014, respectively, associated with intangible assets recorded in connection with our going private transaction in May 2008.

(b) Represents the write-off of unamortized deferred financing costs and original issue discount associated with indebtedness that was repaid in connection with a debt refinancing.

(c) Represents rent expense in excess of cash paid for rent, recognized on a straight line basis over the life of the lease in accordance with Accounting Standards Codification Topic 840, *Leases*.

(d) Represents costs incurred in connection with completed acquisitions, secondary offerings, and the November 2014, January 2016, and November 2016 amendments to the Credit Agreement.

(e) Represents income tax expense calculated on adjusted income before tax at the effective rate of approximately 34%, 35% and 36% in 2016, 2015, and 2014 respectively.

Adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share are not presentations made in accordance with GAAP, and the use of the terms adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share may differ from similar measures reported by other companies. We believe that adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share provide investors with useful information with respect to our historical operations. We present adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share as supplemental performance measures because we believe they facilitate a comparative assessment of our operating performance relative to our performance based on our results under GAAP, while isolating the effects of some items that vary from period to period. Specifically, adjusted EBITDA allows for an assessment of our operating performance and of our ability to service or incur indebtedness without the effect of non-cash charges, such as depreciation, amortization, the excess of rent expense over cash rent expense and stock-based compensation expense, as well as the expenses related to secondary offerings, debt financing transaction expenses, and acquisitions. In addition, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share allow us to assess our performance without the impact of the specifically identified items that we believe do not directly reflect our core operations. These non-GAAP measures also function as key performance indicators used to evaluate our operating performance internally, and they are used in connection with the determination of incentive compensation for management, including executive officers. Adjusted EBITDA is also used in connection with the determination of certain ratio requirements under our credit agreement. Adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share are not measurements of our financial performance under GAAP and should not be considered in isolation or as an alternative to income before taxes, net income, diluted earnings per common share, net cash provided by operating, investing or financing activities or any other financial statement data presented as indicators of financial performance or liquidity, each as presented in accordance with GAAP. Consequently, our non-GAAP financial measures should not be evaluated in isolation or supplant comparable GAAP measures, but, rather, should be considered together with our consolidated financial statements, which are prepared in accordance with GAAP and included in Part II, Item 8, of this Annual Report on Form 10-K. The Company understands that although adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- adjusted EBITDA, adjusted income from operations and adjusted net income do not fully reflect the Company's cash expenditures, future requirements for capital expenditures or contractual commitments;
- adjusted EBITDA, adjusted income from operations and adjusted net income do not reflect changes in, or cash requirements for, the Company's working capital needs;
- adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; and adjusted EBITDA, adjusted income from operations and adjusted net income do not reflect any cash requirements for such replacements.

Because of these limitations, adjusted EBITDA, adjusted income from operations, and adjusted net income should not be considered as discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

### **Liquidity and Capital Resources**

Our primary cash requirements are for the ongoing operations of our existing child care centers, back-up dependent care and other educational advisory services, the addition of new centers through development or acquisition and debt financing obligations. Our primary sources of liquidity are our cash flows from operations and borrowings available under our revolving credit facility. Borrowings outstanding on our revolving credit facility at December 31, 2016 and 2015 were \$76.0 million and \$24.0 million, respectively. Borrowings outstanding on our revolving credit facility during the year ended December 31, 2016 and 2015 averaged \$30.0 million and \$11.9 million, respectively.

The net impact on our liquidity from changes in foreign currency exchange rates was not material for the years ended December 31, 2016 and 2015. We had \$14.6 million in cash at December 31, 2016, of which \$11.5 million was held in foreign jurisdictions, and we had \$11.5 million in cash at December 31, 2015, of which \$7.8 million was held in foreign jurisdictions. Additionally, operations outside of North America accounted for 18.6% and 18.9% of the Company's consolidated revenue for the years ended December 31, 2016 and 2015.

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We had a working capital deficit of \$233.2 million and \$152.6 million at December 31, 2016 and 2015, respectively. Our working capital deficit has arisen from using cash generated from operations to make long-term investments in fixed assets and acquisitions and from share repurchases. We anticipate that we will continue to generate positive cash flows from operating activities and that the cash generated will be used principally to fund ongoing operations of our new and existing full service child care centers and expanded operations in the back-up dependent care and other educational advisory segments, as well as to make scheduled principal and interest payments and to repurchase shares.

The Company's \$1.3 billion senior secured credit facilities consist of \$1.1 billion in secured term loan facilities and a \$225.0 million revolving credit facility. In January 2016, the Company amended its then existing credit agreement to increase the revolving credit facility from \$100.0 million to \$225.0 million. In November 2016, the Company modified its existing credit facilities and refinanced all of its outstanding term loans into a new seven year term loan facility, which resulted in the issuance of \$1.1 billion in new term loans, a portion of which were used to repay \$922.5 million in outstanding term loans under the previous credit facility, and \$150.0 million of which was used to fund the acquisition of a business. A loss on the extinguishment of debt of \$11.1 million was recorded in the year ended December 31, 2016, related to the write off of unamortized original issue cost and deferred financing fees in connection with the November 2016 debt refinancing. These amendments are further discussed below under "Debt."

On August 2, 2016, the board of directors of the Company authorized a share repurchase program of up to \$300.0 million of the Company's outstanding common stock, effective August 5, 2016. The share repurchase program, which has no expiration date, replaces the prior \$250.0 million authorization announced on February 4, 2015, of which \$26.3 million remained available at the date the program was replaced. The shares may be repurchased from time to time in open market transactions at prevailing market prices, in privately negotiated transactions, under Rule 10b5-1 plans, or by other means in accordance with federal securities laws. At December 31, 2016, \$282.8 million remained outstanding under the repurchase program. During the year ended December 31, 2016, the Company repurchased 1.7 million shares for \$112.8 million, including a total of 1.0 million shares that were purchased from investment funds affiliated with the Sponsor in a secondary offering. During the year ended December 31, 2015, the Company repurchased 2.2 million shares for \$128.1 million, including a total of 2.1 million shares that were purchased from investment funds affiliated with the Sponsor in secondary offerings.

We believe that funds provided by operations, our existing cash and cash equivalent balances and borrowings available under our revolving credit facility will be adequate to meet planned operating and capital expenditures for at least the next 12 months under current operating conditions. However, if we were to undertake any significant acquisitions or investments in the purchase of facilities for new or existing child care and early education centers, which requires financing beyond our existing borrowing capacity, it may be necessary for us to obtain additional debt or equity financing. We may not be able to obtain such financing on reasonable terms, or at all.

### **Cash Flows**

	Years Ended December 31,		
	2016	2015	2014
	(In thousands)		
Net cash provided by operating activities	\$ 213,297	\$ 170,056	\$ 174,297
Net cash used in investing activities	\$ (302,837)	\$ (155,354)	\$ (78,001)
Net cash provided by (used in) financing activities	\$ 93,755	\$ (90,581)	\$ (36,420)
Cash and cash equivalents (beginning of period)	\$ 11,539	\$ 87,886	\$ 29,585
Cash and cash equivalents (end of period)	\$ 14,633	\$ 11,539	\$ 87,886

### **Cash Provided by Operating Activities**

Cash provided by operating activities was \$213.3 million for the year ended December 31, 2016, compared to \$170.1 million in 2015. The increase in cash provided by operating activities resulted from changes in working capital arising from an increase in collections due to timing and growth, lower cash tax payments in the period, the timing of other routine operating expenses, and the timing of routine tenant improvement allowances.

Cash provided by operating activities was \$170.1 million for the year ended December 31, 2015, compared to \$174.3 million in 2014. The increase in net income from 2014 to 2015 of \$21.9 million was largely offset by changes in non-cash items and working capital arising primarily from the timing of payments for income taxes and other routine operating expenses, as well as the timing of billings and collections when compared to the prior year.

We expect to generate approximately \$225 million in cash from operations in 2017.

*Cash Used in Investing Activities*

Cash used in investing activities was \$302.8 million for the year ended December 31, 2016 compared to \$155.4 million for the same period in 2015 and was related to acquisitions, as well as fixed asset additions for new child care centers, maintenance and refurbishments in our existing centers, and continued investments in technology, equipment and furnishings. During the year ended December 31, 2016, the Company used \$228.7 million to acquire 102 centers, as well as a provider of back-up care in the United States, compared to 57 centers acquired in 2015 for \$77.6 million, which is the primary driver to the increase in cash used in investing activities.

Cash used in investing activities was \$155.4 million for the year ended December 31, 2015 compared to \$78.0 million for the same period in 2014 and was related to fixed asset additions for new child care centers, maintenance and refurbishments in our existing centers, and continued investments in technology, equipment and furnishings, as well as investments in acquisitions. The Company acquired 57 centers in 2015 for \$77.6 million compared to five centers in 2014 for \$13.2 million, which was the primary driver to the increase in cash used in investing activities. Cash used in investing activities in 2014 related primarily to fixed asset additions. The investment in fixed asset additions in 2015 increased \$11.6 million to \$77.8 million from \$66.2 million in the prior year due to investments in new child care centers.

We estimate that we will spend approximately \$90 to \$100 million in 2017 on fixed asset additions related to new child care centers, maintenance and refurbishments in our existing centers and continued investments in technology and equipment. As part of our growth strategy, we also expect to continue to make selective acquisitions, which may vary in size and which are less predictable in terms of the timing and amount of the capital requirements.

*Cash Used in Financing Activities*

Cash provided by financing activities amounted to \$93.8 million for the year ended December 31, 2016 compared to cash used in financing activities of \$90.6 million in 2015. The increase in cash provided by financing activities was due primarily to the November 2016 debt refinancing, which resulted in net proceeds of \$143.1 million from the issuance of term loans of \$150.0 million, net of debt issuance costs. Cash used by financing activities in 2016 related principally to stock repurchases of \$112.8 million, taxes paid related to net share settlement of stock awards of \$7.7 million and principal payments of \$7.2 million on our debt, offset by net proceeds of \$52.0 million from borrowings under the revolving credit facility, tax benefit on stock-based compensation of \$12.9 million, proceeds from the exercise of stock options of \$11.7 million, and proceeds from the issuance and sale of restricted stock of \$3.7 million. Cash used by financing activities in 2015 related principally to stock repurchases of \$128.1 million and principal payments of \$9.6 million on our debt, offset by net proceeds of \$24.0 million from borrowings under the revolving credit facility, proceeds from the exercise of stock options of \$9.8 million, tax benefit on stock-based compensation of \$9.4 million, and proceeds from the issuance and sale of restricted stock of \$3.9 million.

Cash used in financing activities amounted to \$90.6 million for the year ended December 31, 2015 compared to \$36.4 million in 2014. The 2015 increase in cash used in financing activities was due primarily to a decrease in proceeds from net borrowings and the exercise of stock options. Cash used by financing activities in 2015 related to stock repurchases of \$128.1 million and principal payments of \$9.6 million on our debt, offset by net proceeds of \$24.0 million from borrowings under the revolving credit facility, and proceeds from the exercise of stock options of \$9.8 million, compared to stock repurchases of \$221.6 million and principal payments of \$7.9 million on our debt, offset by net proceeds of \$161.8 million from the issuance of term loans, and proceeds from the exercise of stock options of \$17.4 million.

**Debt**

On November 7, 2016, the Company modified its existing senior secured credit facilities by entering into an incremental and amendment and restatement agreement, which amended and restated the credit agreement and refinanced all of its outstanding term loans into a new seven year term loan facility. As of December 31, 2016, the Company's \$1.3 billion senior secured credit facilities consisted of \$1.1 billion in secured term loans and a \$225.0 million revolving credit facility. The term loans mature on November 7, 2023 and require quarterly principal payments of \$2.7 million, with the remaining principal balance due on November 7, 2023. Prior to the November 2016 debt refinancing, the Company's senior secured credit facilities consisted of \$955.0 million in secured term loans and a \$225.0 million revolving credit facility.

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Outstanding term loan borrowings were as follows at December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Term loans	\$ 1,075,000	\$ 929,650
Deferred financing costs and original issue discount	(10,241)	(14,439)
Total debt	1,064,759	915,211
Less current maturities	10,750	9,550
Long-term debt	<u>\$ 1,054,009</u>	<u>\$ 905,661</u>

On January 26, 2016, the Company amended its then existing credit agreement to increase the revolving credit facility from \$100.0 million to \$225.0 million, to extend the maturity date on the revolving credit facility from January 30, 2018 to July 31, 2019, and to modify the interest rate applicable to borrowings. The terms, interest rate, and availability of the revolving credit facility were not modified in the November 2016 debt refinancing. At December 31, 2016, there were borrowings outstanding of \$76.0 million, with \$149.0 million of the revolving credit facility available for borrowings, and at December 31, 2015, there were borrowings outstanding of \$24.0 million, with \$76.0 million of the revolving credit facility available for borrowings.

All borrowings under the credit agreement are subject to variable interest rates. Borrowings under the term loan facility bear interest at a rate per annum ranging from 1.5% to 1.75% over the Base Rate or 2.5% to 2.75% over the Eurocurrency Rate (each as defined in the credit agreement). The Base Rate is subject to an interest rate floor of 1.75% and the Eurocurrency Rate is subject to an interest rate floor of 0.75%, but only with respect to the term loan facility. Borrowings under the revolving credit facility bear interest at a rate per annum ranging from 1.25% to 1.75% over the Base Rate, or 2.25% to 2.75% over the Eurocurrency Rate.

All obligations under the senior secured credit facilities are secured by substantially all the assets of the Company's U.S.-based subsidiaries. The senior secured credit facilities contain a number of covenants that, among other things and subject to certain exceptions, may restrict the ability of Bright Horizons Family Solutions LLC, our wholly-owned subsidiary, and its restricted subsidiaries, to: incur certain liens; make investments, loans, advances and acquisitions; incur additional indebtedness or guarantees; pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; engage in transactions with affiliates; sell assets, including capital stock of our subsidiaries; alter the business conducted; enter into agreements restricting our subsidiaries' ability to pay dividends; and consolidate or merge.

In addition, the credit agreement governing the senior secured credit facilities requires Bright Horizons Capital Corp., our direct subsidiary, to be a passive holding company, subject to certain exceptions. The revolving credit facility requires Bright Horizons Family Solutions LLC, the borrower, and its restricted subsidiaries to comply with a maximum senior secured first lien net leverage ratio financial maintenance covenant, to be tested only if, on the last day of each fiscal quarter, revolving loans and/or swing-line loans in excess of a specified percentage of the revolving commitments on such date are outstanding under the revolving credit facility. The breach of this covenant is subject to certain equity cure rights.

The credit agreement governing the senior secured credit facilities contains certain customary affirmative covenants and events of default. We were in compliance with our financial covenants at December 31, 2016.

### Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2016 (in thousands):

	2017	2018	2019	2020	2021	Thereafter	Total
Term loans (1)	\$ 10,750	\$ 10,750	\$ 10,750	\$ 10,750	\$ 10,750	\$ 1,021,250	\$ 1,075,000
Interest on long-term debt (2)	38,234	37,857	37,059	36,261	35,885	70,641	255,937
Operating leases	98,982	95,258	89,422	82,048	71,017	462,565	899,292
Total (3)	<u>\$ 147,966</u>	<u>\$ 143,865</u>	<u>\$ 137,231</u>	<u>\$ 129,059</u>	<u>\$ 117,652</u>	<u>\$ 1,554,456</u>	<u>\$ 2,230,229</u>

- (1) Scheduled principal payments on our term loans.
- (2) Interest on the outstanding principal balance of long-term debt was calculated using the weighted average interest rate for the year ended December 31, 2016 of 3.9%, including commitment fees on the unused line of credit.
- (3) Borrowings on our \$225.0 million revolving credit facility are not included in the table above, of which there were borrowings outstanding of \$76.0 million at December 31, 2016.

### **Overdraft Facility**

Our subsidiaries in the United Kingdom maintain an overdraft facility with a United Kingdom bank (“U.K. bank”) to support local short-term working capital requirements. The overdraft facility is repayable upon demand from the U.K. bank. The facility provides maximum borrowings of £0.3 million (approximately \$0.4 million at December 31, 2016) and is secured by a cross guarantee by and among our subsidiaries in the United Kingdom and a right of offset against all accounts maintained by the subsidiaries at the lending bank. The overdraft facility bears interest at the U.K. bank’s base rate plus 2.15%. At December 31, 2016 and 2015, there were no amounts outstanding under the overdraft facility.

The Company has 25 letters of credit outstanding used to guarantee certain rent payments for up to \$1.0 million. These letters of credit are guaranteed by cash deposits. No amounts have been drawn against these letters of credit.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

### **Critical Accounting Policies**

We prepare our consolidated financial statements in accordance with U.S. GAAP. Preparation of the consolidated financial statements requires 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 the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The accounting policies we believe are critical in the preparation of our consolidated financial statements relate to revenue recognition and goodwill and other intangibles. We have other significant accounting policies that are more fully described under the heading “Organization and Significant Accounting Policies” in Note 1 to our consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K. Both our critical and significant policies are important to an understanding of the consolidated financial statements.

**Revenue Recognition**—We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed and determinable and collectability is reasonably assured. We recognize revenue as services are performed.

Center-based care revenues consist primarily of tuition, which is comprised of amounts paid by parents, supplemented in some cases by payments from employer sponsors and, to a lesser extent, by payments from government agencies. Revenue may also include management fees, operating subsidies paid either in lieu of or to supplement parent tuition and fees for other services.

We enter into contracts with employer sponsors to manage and operate their child care centers and to provide back-up dependent care services and educational advisory services under various terms. Our contracts to operate child care and early education centers are generally three to ten years in length with varying renewal options. Our contracts for back-up dependent care arrangements and for educational advisory services are generally one to three years in length with varying renewal options.

We record deferred revenue for prepaid tuition and management fees and amounts received from consulting projects in advance of services being performed. We are also a party to certain agreements where the performance of services extends beyond an annual operating cycle. In these circumstances, we record a long-term obligation and recognize revenue over the period of the agreement as the services are rendered.

**Goodwill and Intangible Assets**—Goodwill is recorded when the consideration for an acquisition exceeds the fair value of the net tangible and identifiable intangible assets acquired. Our intangible assets principally consist of various customer relationships and trade names. Identified intangible assets that have determinable useful lives are valued separately from goodwill and are amortized over the estimated period during which we derive a benefit. Intangible assets related to customer relationships include relationships with employer clients and relationships with parents. Customer relationships with parents are amortized using an accelerated method over their useful lives. All other intangible assets are amortized on a straight line basis over their useful lives.

In valuing the customer relationships and trade names, we utilize variations of the income approach, which relies on historical financial and qualitative information, as well as assumptions and estimates for projected financial information. We consider the income approach the most appropriate valuation technique because the inherent value of these assets is their ability to generate current and future income. Projected financial information is subject to risk if our estimates are incorrect. The most significant estimate relates to our projected revenues and profitability. If we do not meet the projected revenues and profitability used in the valuation calculations, then the intangible assets could be impaired. In determining the value of contractual rights and customer relationships, we reviewed historical customer attrition rates and determined a rate of approximately 30% per year for relationships with parents, and approximately 3.5% to 5.0% for employer client relationships. Our multi-year contracts with client customers typically result in low annual turnover, and our long-term relationships with clients make it difficult for competitors to displace us. The value of our customer relationships intangible assets could become



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impaired if future results differ significantly from any of the underlying assumptions, including a higher customer attrition rate. Customer relationships are considered to be finite-lived assets, with estimated lives ranging from four to seventeen years. Certain trade names acquired as part of our strategy to expand by completing strategic acquisitions are considered to be finite-lived assets, with estimated lives ranging from five to ten years. The estimated lives were determined by calculating the number of years necessary to obtain 95% of the value of the discounted cash flows of the respective intangible asset.

Goodwill and certain trade names are considered indefinite-lived assets. Our trade names identify us and differentiate us from competitors, and, therefore, competition does not limit the useful life of these assets. Additionally, we believe that our primary trade names will continue to generate sales for an indefinite period. Goodwill and intangible assets with indefinite lives are not subject to amortization, but are tested annually for impairment or more frequently if there are indicators of impairment. Indefinite lived intangible assets are also subject to an annual evaluation to determine whether events and circumstances continue to support an indefinite useful life.

Goodwill impairment assessments are performed at the reporting unit level. The goodwill test involves a two-step process. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. Fair value for each reporting unit is determined by estimating the present value of expected future cash flows, which are forecasted for each of the next ten years, applying a long-term growth rate to the final year, discounted using the Company's estimated discount rate. If the fair value of the Company's reporting unit exceeds its carrying amount, the goodwill of the reporting unit is considered not impaired. If the carrying amount of the Company's reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of the affected reporting unit's goodwill with the carrying value. In applying the goodwill impairment test, the Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying value. Qualitative factors may include, but are not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for the Company's services, regulatory developments, cost factors, and entity specific factors such as overall financial performance. If, after assessing these qualitative factors, the Company determines that it is not more likely than not that the carrying value exceeds the estimated fair value, then performing the two-step impairment test is not necessary. We performed a qualitative assessment during the annual impairment review as of October 1, 2016 and concluded that it is more likely than not that the fair value of the Company's reporting units continues to exceed their carrying amount. Therefore, the two-step goodwill impairment test was not necessary in 2016. No goodwill impairment losses were recorded in the years ended December 31, 2016, 2015, or 2014.

For certain trademarks that are included in our indefinite-lived intangible assets, we estimate the fair value first by estimating the total revenue attributable to each trademark and then by applying the royalty rate determined by an analysis of empirical, market-derived royalty rates for guideline intangible assets, consistent with the initial valuation of the intangibles, or 1% to 2%, and then comparing the estimated fair value of the trademarks with their carrying value. The forecasts of revenue and profitability growth for use in our long-range plan and the discount rate were the key assumptions in our intangible fair value analysis. We identified no impairments in the years ended December 31, 2016, 2015, and 2014.

Definite-lived intangible assets are reviewed for impairment when events or circumstances indicate that the carrying amount of the asset may not be recovered. Definite-lived intangible assets are considered to be impaired if the carrying amount of the asset exceeds the undiscounted future cash flows expected to be generated by the asset over its remaining useful life. If an asset is considered to be impaired, the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value and is charged to results of operations at that time. We identified no impairments in the years ended December 31, 2016, 2015 and 2014.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Our primary market risk exposures relate to foreign currency exchange rate risk and interest rate risk.

#### ***Foreign Currency Risk***

Our exposure to fluctuations in foreign currency exchange rates is primarily the result of foreign subsidiaries domiciled in the United Kingdom, Ireland, the Netherlands, India and Canada. We have not used financial derivative instruments to hedge foreign currency exchange rate risks associated with our foreign subsidiaries.

The assets and liabilities of our British, Irish, Dutch, Indian and Canadian subsidiaries, whose functional currencies are the British pound, Euro, Indian rupee and Canadian dollar, respectively, are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effects for subsidiaries using a functional currency other than the U.S. dollar are included in accumulated other comprehensive loss as a separate component of stockholders' equity. We estimate that had the exchange rate in each country unfavorably changed by 10% relative to the U.S. dollar, our consolidated earnings before taxes would have decreased by approximately \$3.0 million for 2016.



***Interest Rate Risk***

Interest rate exposure relates primarily to the effect of interest rate changes on borrowings outstanding under our revolving credit facility and term loans. At December 31, 2016, we had borrowings outstanding of \$76.0 million under our revolving credit facility, which were subject to a weighted average interest rate of 4.2% during the year then ended, and we had borrowings outstanding of \$1.1 billion under our term loan facility, which were subject to a weighted average interest rate of 3.9% during the year then ended. Based on the borrowings outstanding under the senior secured credit facilities during 2016, we estimate that had the average interest rate on our borrowings increased by 100 basis points in 2016, our interest expense for the year would have increased by approximately \$9.9 million. This estimate assumes the interest rate of each borrowing is raised by 100 basis points. The impact on future interest expense as a result of future changes in interest rates will depend largely on the gross amount of our borrowings at that time.

**Item 8. Financial Statements and Supplementary Data**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of  
Bright Horizons Family Solutions Inc.  
Watertown, Massachusetts

We have audited the accompanying consolidated balance sheets of Bright Horizons Family Solutions Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Bright Horizons Family Solutions Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP  
Boston, Massachusetts  
March 1, 2017

**BRIGHT HORIZONS FAMILY SOLUTIONS INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share data)

	December 31,	
	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 14,633	\$ 11,539
Accounts receivable—net	97,212	97,295
Prepaid expenses and other current assets	42,554	43,879
Total current assets	154,399	152,713
Fixed assets—net	529,432	429,736
Goodwill	1,267,705	1,147,809
Other intangibles—net	374,566	389,331
Other assets	32,915	30,952
Total assets	<u>\$ 2,359,017</u>	<u>\$ 2,150,541</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 10,750	\$ 9,550
Borrowings on revolving credit facility	76,000	24,000
Accounts payable and accrued expenses	125,400	114,776
Deferred revenue	146,692	137,283
Other current liabilities	28,738	19,734
Total current liabilities	387,580	305,343
Long-term debt—net	1,054,009	905,661
Deferred rent and related obligations	59,518	50,039
Other long-term liabilities	52,048	44,182
Deferred revenue	6,284	4,608
Deferred income taxes	111,711	113,100
Total liabilities	1,671,150	1,422,933
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 25,000,000 shares authorized and no shares issued or outstanding at December 31, 2016 and 2015	—	—
Common stock, \$0.001 par value; 475,000,000 shares authorized; 58,910,282 and 60,008,136 shares issued and outstanding at December 31, 2016 and 2015, respectively	59	60
Additional paid-in capital	899,076	983,398
Accumulated other comprehensive loss	(89,448)	(39,270)
Accumulated deficit	(121,820)	(216,580)
Total stockholders' equity	687,867	727,608
Total liabilities and stockholders' equity	<u>\$ 2,359,017</u>	<u>\$ 2,150,541</u>

See notes to consolidated financial statements.

**BRIGHT HORIZONS FAMILY SOLUTIONS INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(In thousands, except share data)**

	Years ended December 31,		
	2016	2015	2014
Revenue	\$ 1,569,841	\$ 1,458,445	\$ 1,352,999
Cost of services	1,178,994	1,100,690	1,039,397
Gross profit	390,847	357,755	313,602
Selling, general and administrative expenses	163,967	148,164	137,683
Amortization of intangible assets	29,642	27,989	28,999
Income from operations	197,238	181,602	146,920
Loss on extinguishment of debt	(11,117)	—	—
Interest income	81	163	103
Interest expense	(43,005)	(41,609)	(34,709)
Income before income taxes	143,197	140,156	112,314
Income tax expense	(48,437)	(46,229)	(40,279)
Net income	\$ 94,760	\$ 93,927	\$ 72,035
Allocation of net income to common stockholders:			
Common stock—basic	\$ 93,919	\$ 93,287	\$ 71,755
Common stock—diluted	\$ 93,938	\$ 93,303	\$ 71,761
Earnings per common share:			
Common stock—basic	\$ 1.59	\$ 1.53	\$ 1.09
Common stock—diluted	\$ 1.55	\$ 1.50	\$ 1.07
Weighted average number of common shares outstanding:			
Common stock—basic	59,229,069	60,835,574	65,612,572
Common stock—diluted	60,594,895	62,360,778	67,244,172

See notes to consolidated financial statements.

**BRIGHT HORIZONS FAMILY SOLUTIONS INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(In thousands)**

	Years ended December 31,		
	2016	2015	2014
Net income	\$ 94,760	\$ 93,927	\$ 72,035
Other comprehensive loss:			
Foreign currency translation adjustments	(50,178)	(17,583)	(23,103)
Total other comprehensive loss	(50,178)	(17,583)	(23,103)
Comprehensive income	\$ 44,582	\$ 76,344	\$ 48,932

See notes to consolidated financial statements.

**BRIGHT HORIZONS FAMILY SOLUTIONS INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(In thousands, except share data)

	Common Stock		Additional Paid In Capital	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
<b>Balance at January 1, 2014</b>	<b>65,302,814</b>	<b>\$ 65</b>	<b>\$ 1,270,198</b>	<b>\$ —</b>	<b>\$ 1,416</b>	<b>\$ (382,542)</b>	<b>\$ 889,137</b>
Stock-based compensation			7,922				7,922
Exercise of stock options	1,212,458	2	17,420				17,422
Excess tax benefits from stock option exercises			9,123				9,123
Purchase of treasury stock				(221,577)			(221,577)
Retirement of treasury stock	(4,980,470)	(5)	(221,572)	221,577			—
Translation adjustments					(23,103)		(23,103)
Net income						72,035	72,035
<b>Balance at December 31, 2014</b>	<b>61,534,802</b>	<b>62</b>	<b>1,083,091</b>	<b>—</b>	<b>(21,687)</b>	<b>(310,507)</b>	<b>750,959</b>
Stock-based compensation			9,200				9,200
Exercise of stock options	694,381	—	9,811				9,811
Excess tax benefits from stock option exercises			9,397				9,397
Purchase of treasury stock				(128,103)			(128,103)
Retirement of treasury stock	(2,221,047)	(2)	(128,101)	128,103			—
Translation adjustments					(17,583)		(17,583)
Net income						93,927	93,927
<b>Balance at December 31, 2015</b>	<b>60,008,136</b>	<b>60</b>	<b>983,398</b>	<b>—</b>	<b>(39,270)</b>	<b>(216,580)</b>	<b>727,608</b>
Stock-based compensation			11,646				11,646
Exercise of stock options	761,452	1	11,678				11,679
Excess tax benefits from stock option exercises			12,891				12,891
Options received in net share settlement of stock options exercises	(113,801)	—	(7,747)				(7,747)
Purchase of treasury stock				(112,792)			(112,792)
Retirement of treasury stock	(1,745,505)	(2)	(112,790)	112,792			—
Translation adjustments					(50,178)		(50,178)
Net income						94,760	94,760
<b>Balance at December 31, 2016</b>	<b>58,910,282</b>	<b>\$ 59</b>	<b>\$ 899,076</b>	<b>\$ —</b>	<b>\$ (89,448)</b>	<b>\$ (121,820)</b>	<b>\$ 687,867</b>

See notes to consolidated financial statements.

**BRIGHT HORIZONS FAMILY SOLUTIONS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Years ended December 31,		
	2016	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 94,760	\$ 93,927	\$ 72,035
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	85,284	78,666	77,447
Loss on extinguishment of debt	11,117	—	—
Amortization of original issue discount and deferred financing costs	3,474	3,583	3,052
Non-cash revenue and other	(49)	191	(149)
Impairment losses on long-lived assets	92	41	206
(Gain) loss on disposal of fixed assets	(143)	351	667
Stock-based compensation	11,646	9,200	7,922
Deferred income taxes	(12,121)	(758)	(13,376)
Deferred rent	2,562	2,736	3,092
Changes in assets and liabilities:			
Accounts receivable	(78)	(13,340)	(4,604)
Prepaid expenses and other current assets	(7,289)	3,825	2,174
Income taxes	12,773	(12,073)	3,505
Accounts payable and accrued expenses	(6,858)	(6,448)	9,589
Deferred revenue	7,750	2,955	14,259
Accrued rent and related obligations	7,517	4,642	3,222
Other assets	(319)	(14,296)	(1,672)
Other current and long-term liabilities	3,179	16,854	(3,072)
Net cash provided by operating activities	<u>213,297</u>	<u>170,056</u>	<u>174,297</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed assets	(75,334)	(77,785)	(66,194)
Proceeds from the disposal of fixed assets	1,234	50	385
Settlement of purchase price for prior year acquisitions	10	23	1,030
Payments for acquisitions—net of cash acquired	(228,747)	(77,642)	(13,222)
Net cash used in investing activities	<u>(302,837)</u>	<u>(155,354)</u>	<u>(78,001)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings of long-term debt, net of issuance costs of \$9.4 million in 2016 and \$3.2 million in 2014	1,065,610	—	161,803
Extinguishment of long-term debt	(922,488)	—	—
Payments of contingent consideration for acquisitions	(915)	—	—
Payments for debt issuance costs	(1,002)	—	—
Borrowings under revolving credit facility	445,868	267,300	—
Payments under revolving credit facility	(393,868)	(243,300)	—
Principal payments of long-term debt	(7,163)	(9,550)	(7,900)
Taxes paid related to the net share settlement of stock options	(7,747)	—	—
Purchase of treasury stock	(112,792)	(128,103)	(221,577)
Proceeds from issuance of common stock upon exercise of options	11,679	9,811	17,422
Proceeds from issuance of restricted stock	3,682	3,864	4,709
Tax benefits from stock-based compensation	12,891	9,397	9,123
Net cash provided by (used in) financing activities	<u>93,755</u>	<u>(90,581)</u>	<u>(36,420)</u>
Effect of exchange rates on cash and cash equivalents	(1,121)	(468)	(1,575)
Net increase (decrease) in cash and cash equivalents	<u>3,094</u>	<u>(76,347)</u>	<u>58,301</u>
Cash and cash equivalents—beginning of period	11,539	87,886	29,585
Cash and cash equivalents—end of period	<u>\$ 14,633</u>	<u>\$ 11,539</u>	<u>\$ 87,886</u>



	Years ended December 31,		
	2016	2015	2014
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>			
Cash payments of interest	\$ 37,090	\$ 38,110	\$ 32,473
Cash payments of income taxes	\$ 34,670	\$ 49,819	\$ 41,713
<b>NON-CASH TRANSACTION:</b>			
Fixed asset purchases recorded in accounts payable and accrued expenses	\$ 3,000	\$ 2,000	\$ 3,000

See notes to consolidated financial statements.

**BRIGHT HORIZONS FAMILY SOLUTIONS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**—Bright Horizons Family Solutions Inc. (“Bright Horizons” or the “Company”) provides workplace services for employers and families throughout the United States and the United Kingdom, and also in Puerto Rico, Canada, Ireland, the Netherlands, and India. Workplace services include center-based child care, education and enrichment programs, elementary school education, back-up dependent care (for children and elders), before and after school care, college preparation and admissions counseling, tuition reimbursement program management services, and other family support services.

The Company provides its center-based child care services under two general business models: a profit and loss (“P&L”) model, where the Company assumes the financial risk of operating a child care center; and a cost-plus model, where the Company is paid a fee by an employer client for managing a child care center on a cost-plus basis. The P&L model is further classified into two subcategories: (i) a sponsor model, where Bright Horizons provides child care and early education services on either an exclusive or priority enrollment basis for the employees of a specific employer sponsor; and (ii) a lease/consortium model, where the Company provides child care and early education services to the employees of multiple employers located within a specific real estate development (for example, an office building or office park), as well as to families in the surrounding community. In both the cost-plus and sponsor P&L models, the development of a new child care center, as well as ongoing maintenance and repair, is typically funded by an employer sponsor with whom the Company enters into a multi-year contractual relationship. In addition, employer sponsors typically provide subsidies for the ongoing provision of child care services for their employees. Under each model type, the Company retains responsibility for all aspects of operating the child care and early education center, including the hiring and paying of employees, contracting with vendors, purchasing supplies, and collecting tuition and related accounts receivable.

The Company provides back-up dependent care services through its own centers and through our Back-Up Care Advantage (“BUCA”) program, which offers access to a contracted network of in-home care agencies and center-based providers in locations where the Company does not otherwise have centers with available capacity.

**Basis of Presentation**—Bright Horizons was acquired by investment funds affiliated with Bain Capital Partners LLC (the “Sponsor”) as a result of a transaction in 2008, pursuant to which a wholly owned merger subsidiary was merged with and into Bright Horizons Family Solutions, Inc. (the “Predecessor”). As part of the transaction, a new basis of accounting was established and the purchase price was allocated to the assets acquired and liabilities assumed based on their fair values. In July 2012, Bright Horizons Family Solutions Inc. changed its name from Bright Horizons Solutions Corp.

**Stock Offerings**—On January 30, 2013, the Company completed an initial public offering (the “Offering”) and issued a total of 11.6 million shares of common stock in exchange for \$233.3 million, net of offering costs including \$1.6 million expensed in 2012. The Company used the proceeds of the Offering, as well as certain amounts from a 2013 debt refinancing, to repay the principal and accumulated interest under its senior notes outstanding on January 30, 2013. The Company also authorized 25 million shares of undesignated preferred stock for issuance.

Subsequent to the Offering, certain of the Company’s stockholders have sold a total of 39.5 million shares of the Company’s common stock in secondary offerings (“secondary offerings”), including 4.1 million, 9.7 million, and 15.9 million shares in the years ended December 31, 2016, 2015, and 2014, respectively. The Company did not receive proceeds from the sale of shares in the secondary offerings. The Company incurred \$0.5 million, \$0.6 million, and \$1.0 million in the years ended December 31, 2016, 2015, and 2014, respectively, in offering costs related to the secondary offerings, which are included in selling, general and administrative expenses. The Company purchased 1.0 million, 2.1 million, and 4.5 million of the shares sold in the secondary offerings in 2016, 2015, and 2014, respectively, from investment funds affiliated with the Sponsor at the same price per share paid by the underwriter to the selling stockholders.

**Principles of Consolidation**—The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

**Use of Estimates**—The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. The Company’s significant accounting estimates in the preparation of the consolidated financial statements relate to the valuation of goodwill and other intangibles, and income taxes. Actual results may differ from management’s estimates.

**Foreign Operations**—The functional currency of the Company’s foreign subsidiaries is their local currency. The assets and liabilities of the Company’s foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effect for subsidiaries using a functional currency other than the U.S. dollar is included in accumulated other comprehensive income or loss as a separate component of stockholders’ equity.

The Company’s intercompany accounts are denominated in the functional currency of the foreign subsidiary. Gains and losses resulting from the remeasurement of intercompany receivables that the Company considers to be of a long-term investment nature are recorded as a cumulative translation adjustment in accumulated other comprehensive income or loss as a separate component of stockholders’ equity, while gains and losses resulting from the remeasurement of intercompany receivables from those foreign subsidiaries for which the Company anticipates settlement in the foreseeable future are recorded in the consolidated statement of income. The net gains and losses recorded in the consolidated statements of income for the years ended December 31, 2016, 2015 and 2014 were not significant.

**Fair Value of Financial Instruments**—The Company defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date and applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy gives the highest priority to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Company uses observable inputs where relevant and whenever possible.

Level 1—Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company’s financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, borrowings on the revolving credit facility, and long-term debt. The fair value of the Company’s financial instruments, other than long-term debt, approximates their carrying value.

The carrying value and estimated fair value of long-term debt as of December 31, 2016 and 2015 were as follows (in thousands):

Financial liabilities	December 31, 2016		December 31, 2015	
	Carrying value	Estimated Fair Value	Carrying value	Estimated Fair Value
Term loans	\$ 1,075,000	\$ 1,084,400	\$ 929,650	\$ 924,700

The estimated fair value of the Company’s long-term debt is based on current bid prices for our long-term debt. As such, our long-term debt is classified as Level 1, as defined under U.S. GAAP.

**Concentrations of Credit Risk**—Financial instruments that potentially expose the Company to concentrations of credit risk consist mainly of cash and cash equivalents and accounts receivable. The Company mitigates its exposure by maintaining its cash and cash equivalents in financial institutions of high credit standing. The Company’s accounts receivable, which are derived primarily from the services it provides, are dispersed across many clients in various industries with no single client accounting for more than 10% of the Company’s net revenue or accounts receivable. The Company believes that no significant credit risk exists at December 31, 2016 and 2015.

**Cash and Cash Equivalents**—The Company considers all highly liquid investments with maturities, when purchased, of three months or less to be cash equivalents. Cash equivalents consist primarily of institutional money market accounts. There were no cash equivalent investments at December 31, 2016 and 2015.

The Company’s cash management system provides for the funding of the main bank disbursement accounts on a daily basis as checks are presented for payment. Under this system, outstanding checks may be in excess of the cash balances at certain banks, creating book overdrafts. There were \$11.0 million and \$10.6 million in book overdrafts at December 31, 2016 and 2015, respectively, included in accounts payable on the consolidated balance sheet.

**Accounts Receivable**—The Company generates accounts receivable from fees charged to parents and employer sponsors and, to a lesser degree, government agencies. The Company monitors collections and payments and maintains a provision for

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estimated losses based on historical trends, in addition to provisions established for specific collection issues that have been identified. Accounts receivable are stated net of this allowance for doubtful accounts.

Activity in the allowance for doubtful accounts is as follows (in thousands):

	Years ended December 31,		
	2016	2015	2014
Beginning balance	\$ 1,556	\$ 1,235	\$ 1,173
Provision	839	1,322	551
Write offs and recoveries	(1,341)	(1,001)	(489)
Ending balance	\$ 1,054	\$ 1,556	\$ 1,235

**Fixed Assets**—Property and equipment, including leasehold improvements, are carried at cost less accumulated depreciation or amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the consolidated balance sheet and the resulting gain or loss is reflected in the consolidated statement of income. Expenditures for maintenance and repairs are expensed as incurred, whereas expenditures for improvements and replacements are capitalized. Depreciation is included in cost of services and selling, general and administrative expenses depending on the nature of the expenditure.

**Business Combinations**—Business combinations are accounted for at fair value. Acquisition costs are expensed as incurred and recorded in selling, general and administrative expenses; integration costs associated with a business combination are expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date affect income tax expense. The accounting for business combinations requires estimates and judgment as to expectations for future cash flows of the acquired business, the allocation of those cash flows to identifiable intangible assets, and in determining the estimated fair value for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. If the actual results differ from these estimates, the amounts recorded in the financial statements could result in a possible impairment of the intangible assets and goodwill, or require acceleration of the amortization expense of finite-lived intangible assets.

**Goodwill and Intangible Assets**—Goodwill is recorded when the consideration for an acquisition exceeds the fair value of the net tangible and identifiable intangible assets acquired. The Company's intangible assets principally consist of various customer relationships and trade names. Goodwill and intangible assets with indefinite lives are not subject to amortization, but are tested annually for impairment or more frequently if there are indicators of impairment. Indefinite lived intangible assets are also subject to an annual evaluation to determine whether events and circumstances continue to support an indefinite useful life.

Goodwill impairment assessments are performed at the reporting unit level. The goodwill test involves a two-step process. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. Fair value for each reporting unit is determined by estimating the present value of expected future cash flows, which are forecasted for each of the next ten years, applying a long-term growth rate to the final year, discounted using the Company's estimated discount rate. If the fair value of the Company's reporting unit exceeds its carrying amount, the goodwill of the reporting unit is considered not impaired. If the carrying amount of the Company's reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of the affected reporting unit's goodwill with the carrying value. In applying the goodwill impairment test, the Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying value. Qualitative factors may include, but are not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for the Company's services, regulatory developments, cost factors, and entity specific factors such as overall financial performance. If, after assessing these qualitative factors, the Company determines that it is not more likely than not that the carrying value exceeds the estimated fair value, then performing the two-step impairment test is not necessary. The Company performed a qualitative assessment during the annual impairment review as of October 1, 2016 and concluded that it is not more likely than not that the fair value of the Company's reporting units are less than their carrying amount. Therefore, the two-step goodwill impairment test was not necessary in 2016. No goodwill impairment losses were recorded in the years ended December 31, 2016, 2015, or 2014.

We test certain trademarks that are included in our indefinite-lived intangible assets by comparing the fair value of the trademarks with their carrying value. We estimate the fair value first by estimating the total revenue attributable to the

trademarks and then by applying a royalty rate determined by an analysis of empirical, market-derived royalty rates for guideline intangible assets, consistent with the initial valuation of the intangibles, and then comparing the estimated fair value of our trademarks with the carrying value. This approach takes into effect Level 3 and unobservable inputs. No impairment losses were recorded in the years ended December 31, 2016, 2015 or 2014 in relation to intangible assets.

Intangible assets that are separable from goodwill and have determinable useful lives are valued separately and are amortized over the estimated period benefited, ranging from one to seventeen years. Intangible assets related to parent relationships are amortized using the double declining balance method over their useful lives. All other intangible assets are amortized on a straight line basis over their useful lives.

**Impairment of Long-Lived Assets**—The Company reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Impairment is assessed by comparing the carrying amount of the asset to the estimated undiscounted future cash flows over the asset's remaining life. If the estimated cash flows are less than the carrying amount of the asset, an impairment loss is recognized to reduce the carrying amount of the asset to its estimated fair value less any disposal costs. Fair value can be determined using discounted cash flows and quoted market prices based on Level 3 inputs. The Company recorded fixed asset impairment losses of less than \$0.1 million in the years ended December 31, 2016 and 2015, and \$0.2 million in the year ended December 31, 2014, which have been included in cost of services.

**Other Long-Term Assets**—Other long-term assets includes a cost basis investment of \$2.1 million in a private company, which we review for impairment whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable.

**Deferred Revenue**—The Company records deferred revenue for prepaid tuition and management fees and amounts received from consulting projects in advance of services being performed. The Company is also a party to agreements where the performance of services extends beyond one year. In these circumstances, the Company records a long-term obligation and recognizes revenue over the period of the agreement as the services are rendered.

**Leases and Deferred Rent**—The Company leases space for certain of its centers and corporate offices. Leases are evaluated and classified as operating or capital for financial reporting purposes. The Company recognizes rent expense from operating leases with periods of free rent, tenant allowances and scheduled rent increases on a straight-line basis over the applicable lease term. The difference between rents paid and straight-line rent expense is recorded as deferred rent.

**Discount on Long-Term Debt**—Original issue discounts on the Company's debt are recorded as a reduction of long-term debt and are amortized over the life of the related debt instrument in accordance with the effective interest method. Amortization expense is included in interest expense in the consolidated statement of income.

**Deferred Financing Costs**—Deferred financing costs are recorded as a reduction of long-term debt and are amortized over the life of the related debt instrument in accordance with the effective interest method. Amortization of this expense is included in interest expense in the consolidated statement of income.

**Other Long-Term Liabilities**—Other long-term liabilities consist primarily of amounts payable to clients, pursuant to terms of operating agreements or for deposits held by the Company, liabilities for workers compensation claims, and obligations for uncertain tax positions.

**Income Taxes**—The Company accounts for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax carryforwards, such as net operating losses. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the provision for income taxes in the period that includes the enactment date. The Company records a valuation allowance to reduce the carrying amount of deferred tax assets if it is more likely than not that such asset will not be realized. Additional income tax expense is recognized as a result of recording valuation allowances. The Company does not recognize a tax benefit on losses in foreign operations where it does not have a history of profitability. The Company records penalties and interest on income tax related items as a component of tax expense.

Obligations for uncertain tax positions are recorded based on an assessment of whether the position is more likely than not to be sustained by the taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense.

**Revenue Recognition**—The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed and determinable, and collectability is reasonably assured.

Center-based care revenues consist primarily of tuition, which consists of amounts paid by parents, supplemented in some cases by payments from employer sponsors and, to a lesser extent, by payments from government agencies. Revenue may also include management fees, operating subsidies paid either in lieu of or to supplement parent tuition, and fees for other services. Revenue for center-based care is recognized as the services are performed.

The Company enters into contracts with its employer sponsors to manage and operate their child care and early education centers and/or for the provision of back-up dependent care and other educational advisory services under various terms. The Company's contracts to operate child care and early education centers are generally three to ten years in length with varying renewal options. The Company's contracts for back-up dependent care and other educational advisory services are generally one to three years in length with varying renewal options. Revenue for these services is recognized as they are performed.

**Stock-Based Compensation**—The Company accounts for stock-based compensation using a fair value method. Stock-based compensation expense is recognized in the consolidated financial statements based on the grant-date fair value of the awards that are expected to vest. This expense is recognized on a straight-line basis over the requisite service period, which generally represents the vesting period, of each separately vesting tranche. The Company calculates the fair value of stock options using the Black-Scholes option-pricing model.

**Comprehensive Income or Loss**—Comprehensive income or loss is comprised of net income or loss and foreign currency translation adjustments. The Company does not provide for U.S. income taxes on the portion of undistributed earnings of foreign subsidiaries that are intended to be permanently reinvested. Therefore, taxes are not provided for the related currency translation adjustments.

**Earnings or Loss Per Share**—Net earnings or loss per share is calculated using the two-class method, which is an earnings allocation formula that determines net income or loss per share for the holders of the Company's common stock and unvested participating shares. Unvested participating shares are unvested share-based payment awards of restricted stock that participate in dividends with common stock. Net income available to stockholders is allocated on a pro rata basis to each share as if all of the earnings for the period had been distributed. Diluted net income or loss per share is calculated using the more dilutive of (1) the treasury stock method, or (2) the two-class method for all outstanding stock options.

**New Accounting Pronouncements**—In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09: *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The amendments in this update simplify several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Under this guidance, a company recognizes all excess tax benefits and tax deficiencies as income tax benefits or expenses on the income statement. The update is effective for annual reporting periods beginning after December 15, 2016, including interim periods within those annual reporting periods with early adoption permitted. This update can be applied either prospectively, retrospectively or using a modified retrospective transition method, depending on the area covered. The Company will adopt this ASU on its effective date. The adoption of this guidance will impact the Company's income tax expense, effective tax rate, and weighted average shares outstanding. However, the impact of this update on the Company's consolidated financial statements is dependent on the timing and volume of stock option exercises, which is not in the Company's control and is inherently difficult to predict. Had the Company adopted this ASU on January 1, 2016, tax benefits from stock option exercises of \$12.9 million, currently recorded to additional paid in capital, would have decreased tax expense and increased net income, and weighted average diluted common shares would have increased under the new methodology. Additionally, tax benefits from stock option exercises would have been presented as cash flows from operating activities rather than as cash flows from investing activities as currently presented.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard amends the existing guidance and requires lessees to recognize on the balance sheet assets and liabilities for the rights and obligations created by those leases with lease terms longer than twelve months. The guidance is effective for interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. The Company anticipates that the adoption of this standard will have a material impact on the Company's consolidated financial statements, as all long-term leases will be capitalized on the consolidated balance sheet.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a single comprehensive model for revenue recognition. The FASB has subsequently issued various ASUs which amend or clarify specific areas of the guidance. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration included in the transaction price and allocating the transaction price to each separate performance obligation. This new guidance is effective for the Company beginning January 1, 2018 and can be adopted using

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either a full retrospective or modified approach. The Company is currently in the process of evaluating the impact of adoption of this ASU on the Company's consolidated financial statements, but does not currently anticipate it will have a material impact on the Company's consolidated results of operations.

## 2. ACQUISITIONS

As part of the Company's growth strategy to expand through strategic and synergistic acquisitions, the Company has made the following acquisitions in the years ended December 31, 2016, 2015, and 2014. The goodwill resulting from these acquisitions arises largely from synergies expected from combining the operations of the businesses acquired with our existing operations, as well as from benefits derived from gaining the related assembled workforce.

### 2016 Acquisitions

#### *Conchord Limited ("Asquith")*

On November 10, 2016, the Company acquired all of the outstanding shares of Conchord Limited, which operates Asquith Day Nurseries & Pre-Schools ("Asquith"), a group of 90 child care centers and programs throughout the United Kingdom, for cash consideration of \$206.1 million, which was accounted for as a business combination. The purchase price was financed with available cash on hand, funds available under the Company's revolving credit facility, and term loans. The Company incurred transaction costs of approximately \$1.4 million for this transaction, which are included in selling, general and administrative expenses.

The purchase price for this acquisition has been allocated based on preliminary estimates of the fair values of the acquired assets and assumed liabilities at the date of acquisition as follows (in thousands):

	<b>At acquisition date As reported December 31, 2016</b>
Cash	\$ 5,210
Prepaid expenses and other assets	5,700
Fixed assets	96,868
Intangible assets	10,540
Goodwill	122,714
<b>Total assets acquired</b>	<b>241,032</b>
Accounts payable and accrued expenses	(18,696)
Deferred revenue and parent deposits	(5,394)
Deferred tax liabilities	(7,793)
Other long-term liabilities	(3,048)
<b>Total liabilities assumed</b>	<b>(34,931)</b>
Purchase price	<b>\$ 206,101</b>

The Company acquired fixed assets of \$96.9 million, including 39 properties. The Company recorded goodwill of \$122.7 million, which will not be deductible for tax purposes. Goodwill related to this acquisition is reported within the full service center-based care segment. Intangible assets consist of \$8.0 million of customer relationships that will be amortized over five years and \$2.5 million of trademarks that will be amortized over six years.

The allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). As of December 31, 2016, the purchase price allocation for Asquith remains open as the Company gathers additional information regarding the assets acquired and the liabilities assumed, primarily in relation to the valuation of properties, intangibles and leases, and the Company's assessment of tax related items.

The operating results for Asquith are included in the consolidated results of operations from the date of acquisition. The following table presents consolidated pro forma information as if the acquisition of Asquith had occurred on January 1, 2015 (in thousands):

	<b>Pro forma (Unaudited)</b>	
	<b>Years ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Revenue	\$ 1,649,665	\$ 1,548,560
Net income	\$ 96,033	\$ 89,404



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The unaudited pro forma results reflect certain adjustments related to the acquisition, such as increased amortization expense related to the acquired intangible assets as well as financing costs. The pro forma results for the year ended December 31, 2015 include nonrecurring transaction costs that were incurred by the Company and the acquired business in relation to the acquisition, totaling \$4.3 million, which were excluded from the pro forma results for the year ended December 31, 2016.

Asquith contributed total revenue of \$11.3 million in the year ended December 31, 2016. The Company has determined that the presentation of net income, from the date of acquisition, is impracticable due to the integration of the operations upon acquisition.

### ***Other 2016 Acquisitions***

During the year ended December 31, 2016, the Company also acquired four centers in the United States and eight centers in the United Kingdom in four separate business acquisitions, which were each accounted for as business combinations. The centers were acquired for cash consideration of \$18.0 million and contingent consideration of \$1.1 million. The Company recorded goodwill of \$16.8 million related to the full service center-based care segment, a portion of which will be deductible for tax purposes. Intangible assets of \$3.4 million, consisting primarily of customer relationships that will be amortized over five years, and a working capital deficit of \$1.6 million, including cash of \$0.3 million, were also recorded in relation to these acquisitions.

During the year ended December 31, 2016, the Company acquired all of the outstanding shares of a provider of back-up care in the United States, which was accounted for as a business combination. The business was acquired for cash consideration of \$10.4 million and contingent consideration of \$3.8 million. The Company recorded goodwill of \$9.2 million related to the back-up care segment, which will not be deductible for tax purposes. Intangible assets of \$4.9 million, consisting primarily of the provider network that will be amortized over five years, technology of \$2.6 million, and working capital of \$0.4 million, including cash of \$0.3 million, were also recorded in relation to this acquisition.

The allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). As of December 31, 2016, the purchase price allocations for the 2016 acquisitions remain open as the Company gathers additional information regarding the assets acquired and the liabilities assumed. The operating results for the acquired businesses are included in the consolidated results of operations from the dates of acquisition, which were not material to the Company's financial results.

### **2015 Acquisitions**

On May 19, 2015, the Company acquired Hildebrandt Learning Centers, LLC, an operator of 40 centers in the United States, for cash consideration of \$19.2 million and contingent consideration of \$0.5 million, which was accounted for as a business combination. The Company recorded goodwill of \$13.2 million related to the full service center-based care segment, which will be deductible for tax purposes, and intangible assets of \$5.7 million, consisting of customer relationships that will be amortized over 12 years. The Company also acquired working capital of \$0.3 million, including cash of \$1.5 million, and fixed assets of \$0.5 million.

On July 15, 2015, the Company acquired Active Learning Childcare Limited, an operator of nine centers in the United Kingdom, for cash consideration of \$42.2 million, which was accounted for as a business combination. The Company recorded goodwill of \$31.1 million related to the full service center-based care segment, which will not be deductible for tax purposes, and intangible assets of \$3.8 million, consisting primarily of customer relationships that will be amortized over five years. The Company also acquired a working capital deficit of \$1.8 million, including cash of \$2.8 million, fixed assets of \$9.8 million, and deferred tax liabilities of \$0.7 million.

Our acquisitions of Hildebrandt Learning Centers, LLC and Active Learning Childcare Limited contributed approximately \$29.6 million of incremental revenue in the year ended December 31, 2015.

During the year ended December 31, 2015, the Company also acquired four additional centers in the United States and four additional centers in the United Kingdom, in six separate business acquisitions which were each accounted for as business combinations. The centers were acquired for cash consideration of \$20.5 million and contingent consideration of \$0.8 million, net of cash acquired of \$0.3 million. The Contingent consideration of \$0.8 million was paid during the year ended December 31, 2016. The company recorded goodwill of \$18.5 million related to the full service center-based care segment, a portion of which will be deductible for tax purposes. Intangible assets of \$2.7 million, consisting primarily of customer relationships that will be amortized over five years, were also recorded in relation to these acquisitions.

### **2014 Acquisitions**

During the year ended December 31, 2014, the Company acquired two businesses that operate five centers in the United States for cash consideration of \$13.2 million, which were accounted for as business combinations. The Company recorded

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goodwill of \$11.1 million related to the full service center-based care segment, which will be deductible for tax purposes. Intangible assets of \$2.1 million, consisting primarily of customer relationships, fixed assets of \$0.9 million, and a working capital deficit of \$0.9 million were also recorded in relation to these acquisitions.

**3. GOODWILL AND INTANGIBLE ASSETS**

The changes in the carrying amount of goodwill are as follows (in thousands):

	Full service center-based care	Back-up dependent care	Other educational advisory services	Total
Balance at December 31, 2014	\$ 913,043	\$ 158,894	\$ 23,801	\$ 1,095,738
Additions from acquisitions	62,838	—	—	62,838
Adjustments to prior year acquisitions	(15)	—	—	(15)
Effect of foreign currency translation	(10,752)	—	—	(10,752)
Balance at December 31, 2015	965,114	158,894	23,801	1,147,809
Additions from acquisitions	139,539	9,214	—	148,753
Adjustments to prior year acquisitions	73	—	—	73
Effect of foreign currency translation	(28,930)	—	—	(28,930)
Balance at December 31, 2016	\$ 1,075,796	\$ 168,108	\$ 23,801	\$ 1,267,705

The Company also has intangible assets, which consist of the following at December 31, 2016 and 2015 (in thousands):

	Weighted average amortization period	Cost	Accumulated amortization	Net carrying amount
<b>December 31, 2016:</b>				
Definite-lived intangibles:				
Customer relationships	15 years	\$ 392,820	\$ (205,342)	\$ 187,478
Trade names	7 years	8,283	(2,961)	5,322
Non-compete agreements	N/A	49	(49)	—
		401,152	(208,352)	192,800
Indefinite-lived intangibles:				
Trade names	N/A	181,766	—	181,766
		\$ 582,918	\$ (208,352)	\$ 374,566
<b>December 31, 2015:</b>				
Definite-lived intangibles:				
Customer relationships	14 years	\$ 410,205	\$ (207,257)	\$ 202,948
Trade names	8 years	6,046	(2,748)	3,298
Non-compete agreements	5 years	53	(48)	5
		416,304	(210,053)	206,251
Indefinite-lived intangibles:				
Trade names	N/A	183,080	—	183,080
		\$ 599,384	\$ (210,053)	\$ 389,331

The Company recorded amortization expense of \$29.6 million, \$28.0 million and \$29.0 million in the years ended December 31, 2016, 2015, and 2014, respectively.

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The Company estimates that it will record amortization expense related to intangible assets existing as of December 31, 2016 as follows over the next five years (in thousands):

	<b>Estimated amortization expense</b>	
2017	\$	30,749
2018	\$	28,107
2019	\$	26,380
2020	\$	25,719
2021	\$	24,514

**4. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist of the following (in thousands):

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
Prepaid rent and other occupancy costs	\$ 13,932	\$ 12,165
Prepaid income taxes	649	12,569
Prepaid workers compensation claims	4,609	5,385
Reimbursable costs	6,101	2,450
Prepaid insurance	3,134	2,097
Other prepaid expenses and current assets	14,129	9,213
	<u>\$ 42,554</u>	<u>\$ 43,879</u>

Under the terms of the Company's workers compensation policy, the Company is required to make advances to its insurance carrier pertaining to estimated claims for all open plan years.

Other prepaid expenses and current assets include deposits of \$3.1 million at December 31, 2016, for the acquisition of three full service center-based care centers in 2017. There were no acquisition related deposits at December 31, 2015.

**5. FIXED ASSETS**

Fixed assets consist of the following (dollars in thousands):

	<b>Estimated useful lives</b>	<b>December 31,</b>	
		<b>2016</b>	<b>2015</b>
	<b>(Years)</b>		
Buildings	20 – 40	\$ 174,168	\$ 140,177
Furniture, equipment and software	3 – 10	178,872	159,433
Leasehold improvements	Shorter of the lease term or the estimated useful life	365,707	318,852
Land	—	92,666	53,050
Total fixed assets		<u>811,413</u>	<u>671,512</u>
Accumulated depreciation		<u>(281,981)</u>	<u>(241,776)</u>
Fixed assets, net		<u>\$ 529,432</u>	<u>\$ 429,736</u>

Fixed assets include construction in progress of \$26.4 million and \$17.8 million at December 31, 2016 and 2015, respectively, which was primarily comprised of leasehold improvements. The Company acquired a total of \$96.9 million in fixed assets in its acquisition of Asquith in November 2016 resulting in the increase in fixed assets from the prior year. The Company recorded depreciation expense of \$55.6 million, \$50.7 million and \$48.4 million for the years ended December 31, 2016, 2015, and 2014, respectively.

**6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following (in thousands):

	December 31,	
	2016	2015
Accounts payable	\$ 26,171	\$ 26,944
Accrued payroll and employee benefits	59,258	46,705
Accrued insurance	5,718	6,819
Accrued occupancy costs	3,102	3,541
Accrued professional fees	2,376	2,575
Accrued interest	2,985	869
Other accrued expenses	25,790	27,323
	<u>\$ 125,400</u>	<u>\$ 114,776</u>

**7. OTHER CURRENT LIABILITIES**

Other current liabilities consist of the following (in thousands):

	December 31,	
	2016	2015
Customer amounts on deposit	\$ 14,688	\$ 12,395
Deferred rent and other occupancy costs	4,796	4,214
Income taxes payable	3,081	1,916
Liability for unvested restricted stock	4,733	—
Other liabilities	1,440	1,209
	<u>\$ 28,738</u>	<u>\$ 19,734</u>

**8. OTHER LONG-TERM LIABILITIES**

Other long-term liabilities consist of the following (in thousands):

	December 31,	
	2016	2015
Liabilities for workers compensation claims	\$ 16,572	\$ 18,363
Customer amounts on deposit	14,353	12,071
Liability for unvested restricted stock	7,546	8,573
Deferred compensation	2,793	1,172
Liability for uncertain tax positions	1,096	545
Asset retirement obligations	3,733	2,064
Other liabilities	5,955	1,394
	<u>\$ 52,048</u>	<u>\$ 44,182</u>

**9. CREDIT ARRANGEMENTS AND DEBT OBLIGATIONS**

On November 7, 2016, the Company modified its existing senior secured credit facilities by entering into an incremental and amendment and restatement agreement, which amended and restated the credit agreement and refinanced all of its outstanding term loans into a new seven year term loan facility. As of December 31, 2016, the Company's \$1.3 billion senior secured credit facilities consisted of \$1.1 billion in secured term loans and a \$225.0 million revolving credit facility. The term loans mature on November 7, 2023 and require quarterly principal payments of \$2.7 million, with the remaining principal balance due on November 7, 2023. Prior to the November 2016 debt refinancing, the Company's senior secured credit facilities consisted of \$955.0 million in secured term loans and a \$225.0 million revolving credit facility.

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Outstanding term loan borrowings were as follows at December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Term loans	\$ 1,075,000	\$ 929,650
Deferred financing costs and original issue discount	(10,241)	(14,439)
Total debt	1,064,759	915,211
Less current maturities	10,750	9,550
Long-term debt	\$ 1,054,009	\$ 905,661

On January 26, 2016, the Company amended its then existing credit agreement to increase the revolving credit facility from \$100.0 million to \$225.0 million, to extend the maturity date on the revolving credit facility (the "Revolver") from January 30, 2018 to July 31, 2019, and to modify the interest rate applicable to borrowings. The terms, interest rate, and availability of the Revolver were not modified in the November 2016 debt refinancing. At December 31, 2016, there were borrowings outstanding of \$76.0 million, with \$149.0 million of the Revolver available for borrowings, and at December 31, 2015, there were borrowings outstanding of \$24.0 million, with \$76.0 million of the Revolver available for borrowings.

All borrowings under the credit agreement are subject to variable interest rates. Borrowings under the term loan facility bear interest at a rate per annum ranging from 1.5% to 1.75% over the Base Rate or 2.5% to 2.75% over the Eurocurrency Rate (each as defined in the credit agreement). The Base Rate is subject to an interest rate floor of 1.75% and the Eurocurrency Rate is subject to an interest rate floor of 0.75%, but only with respect to the term loan facility. Prior to the November 2016 debt refinancing, borrowings under the term loan facility bore interest at a rate per annum ranging from 1.75% to 2.5% over the Base Rate or 2.75% to 3.5% over the Eurocurrency Rate (each as defined in the agreement). The Base Rate was subject to an interest rate floor of 2.0% and the Eurocurrency Rate was subject to an interest rate floor of 1.0%, but only with respect to the term loan facility. Borrowings under the Revolver bear interest at a rate per annum ranging from 1.25% to 1.75% over the Base Rate, or 2.25% to 2.75% over the Eurocurrency Rate. As of December 31, 2015, borrowings under the Revolver bore interest at a rate per annum equal to 1.75% over the Base Rate or 2.75% over the Eurocurrency Rate.

The effective interest rate for the term loans was 3.5%, 4.1%, and 3.8% at December 31, 2016, 2015, and 2014, respectively, and the weighted average interest rate for the years ended December 31, 2016, 2015, and 2014 was 3.9%, 4.1%, and 3.9%, respectively. The effective interest rate for the revolving credit facility was 5.5%, 5.25%, and 5.0% at December 31, 2016, 2015, and 2014, respectively, and the weighted average interest rate was 4.2%, 3.8%, and 5.0%, respectively, for the years ended December 31, 2016 and 2015, and 2014, respectively.

All obligations under the senior secured credit facilities are secured by substantially all the assets of the Company's U.S.-based subsidiaries. The senior secured credit facilities contains a number of covenants that, among other things and subject to certain exceptions, may restrict the ability of Bright Horizons Family Solutions LLC, our wholly-owned subsidiary, and its restricted subsidiaries, to: incur certain liens; make investments, loans, advances and acquisitions; incur additional indebtedness or guarantees; pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; engage in transactions with affiliates; sell assets, including capital stock of our subsidiaries; alter the business conducted; enter into agreements restricting our subsidiaries' ability to pay dividends; and consolidate or merge.

In addition, the credit agreement governing the senior secured credit facilities requires Bright Horizons Capital Corp., our direct subsidiary, to be a passive holding company, subject to certain exceptions. The revolving credit facility requires Bright Horizons Family Solutions LLC, the borrower, and its restricted subsidiaries to comply with a maximum senior secured first lien net leverage ratio financial maintenance covenant, to be tested only if, on the last day of each fiscal quarter, revolving loans and/or swing-line loans in excess of a specified percentage of the revolving commitments on such date are outstanding under the revolving credit facility. The breach of this covenant is subject to certain equity cure rights.

The Company incurred financing fees of \$6.7 million and original issue discount costs of \$2.7 million in connection with the November 2016 debt refinancing. These fees are being amortized over the terms of the related debt instruments and amortization expense is included in interest expense. A loss on the extinguishment of debt of \$11.1 million was recorded in the year ended December 31, 2016, related to the write off of unamortized original issue cost and deferred financing fees in connection with the November 2016 debt refinancing. Amortization expense of deferred financing costs was \$2.2 million, \$2.2 million, and \$1.9 million in the years ended December 31, 2016, 2015, and 2014, respectively. Amortization expense of original issuance discount costs was \$1.3 million, \$1.4 million, and \$1.1 million in the years ended December 31, 2016, 2015, and 2014, respectively.

**10. INCOME TAXES**

Income before income taxes consists of the following (in thousands):

	Years ended December 31,		
	2016	2015	2014
United States	\$ 132,846	\$ 134,611	\$ 110,585
Foreign	10,351	5,545	1,729
<b>Total</b>	<b>\$ 143,197</b>	<b>\$ 140,156</b>	<b>\$ 112,314</b>

Income tax expense consists of the following (in thousands):

	Years ended December 31,		
	2016	2015	2014
<b>Current tax expense (benefit)</b>			
Federal	\$ 42,691	\$ 29,236	\$ 45,628
State	10,752	8,723	8,753
Foreign	7,115	9,028	(726)
	<u>60,558</u>	<u>46,987</u>	<u>53,655</u>
<b>Deferred tax (benefit) expense</b>			
Federal	(6,463)	(11,014)	(10,497)
State	(2,069)	6,776	(948)
Foreign	(3,589)	3,480	(1,931)
	<u>(12,121)</u>	<u>(758)</u>	<u>(13,376)</u>
<b>Income tax expense</b>	<b>\$ 48,437</b>	<b>\$ 46,229</b>	<b>\$ 40,279</b>

The following is a reconciliation of the U.S. Federal statutory rate to the effective rate on pretax income (in thousands):

	Years ended December 31,		
	2016	2015	2014
Federal tax expense computed at statutory rate	\$ 50,119	\$ 49,055	\$ 39,310
State tax expense, net of federal tax	6,374	5,849	5,121
Valuation allowance, net	(107)	(185)	245
Intercompany interest	(6,953)	(6,919)	—
Permanent differences and other, net	(389)	(901)	277
Change in tax rate	(96)	319	(134)
Change to uncertain tax positions, net	432	(333)	(1,523)
Foreign rate differential	(943)	(656)	(3,017)
<b>Income tax expense</b>	<b>\$ 48,437</b>	<b>\$ 46,229</b>	<b>\$ 40,279</b>

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Significant components of the Company's net deferred tax liability are as follows (in thousands):

	December 31,	
	2016	2015
Deferred tax assets:		
Reserve on assets	\$ 342	\$ 566
Net operating loss and credit carryforwards	1,347	1,281
Liabilities not yet deductible	39,401	33,438
Deferred revenue	3,370	2,418
Stock-based compensation	13,855	12,277
Depreciation	118	53
Other	1,620	934
	<u>60,053</u>	<u>50,967</u>
Valuation allowance	(1,028)	(1,111)
Total deferred tax assets	<u>59,025</u>	<u>49,856</u>
Deferred tax liabilities:		
Intangible assets	(143,806)	(144,402)
Depreciation	(26,930)	(18,554)
Total deferred tax liabilities	<u>(170,736)</u>	<u>(162,956)</u>
Net deferred tax liability	<u>\$ (111,711)</u>	<u>\$ (113,100)</u>

During 2016, the overall deferred tax liability decreased slightly, primarily due to the book to tax difference in the treatment of amortization of intangible assets, depreciation and stock-based compensation.

The Company has foreign net operating losses of \$8.2 million and has recorded an associated deferred tax asset totaling \$1.3 million. Deferred tax assets associated with federal and state net operating losses total \$0.1 million. The net operating losses in certain foreign jurisdictions will begin to expire in 2024, while others can be carried forward indefinitely. The net operating losses in the United States have expiration dates through 2028. In jurisdictions in which the Company has not had a history of profitability, the Company has recorded a valuation allowance of \$1.0 million associated with foreign net deferred tax assets. During 2016, the valuation allowance decreased \$0.1 million.

The Company considers the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and our specific plans for reinvestment of those subsidiary earnings. The Company has not recorded a deferred tax liability of approximately \$3.9 million related to the U.S. federal and state income taxes and foreign withholding taxes on approximately \$31.2 million of cumulative undistributed earnings of foreign subsidiaries indefinitely invested outside the United States. Should the Company decide to repatriate the foreign earnings, the income tax provision would need to be adjusted in the period it is determined that the earnings will no longer be indefinitely invested outside the United States.

#### ***Uncertain Tax Positions***

The Company follows the authoritative guidance relating to the accounting for uncertainty in income taxes. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.



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A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in thousands):

	Years ended December 31,		
	2016	2015	2014
Beginning balance	\$ 706	\$ 713	\$ 2,034
Additions for tax positions of prior years	—	353	—
Additions for tax positions of current year	443	353	—
Settlements	—	(50)	—
Reductions for tax positions of prior years	(27)	—	(490)
Lapses of statutes of limitations	—	(663)	(831)
Effect of foreign currency adjustments	(26)	—	—
Ending balance	\$ 1,096	\$ 706	\$ 713

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company's current provision for income tax expense for the years ended December 31, 2016 and 2015 included no interest and penalties. There was no liability for total interest and penalties at December 31, 2016 and 2015. During 2016, the Company recorded an unrecognized tax benefit for a foreign subsidiary's tax position. Reductions also were recorded due to the reduction for tax positions of prior years.

The total amount of unrecognized tax benefits that if recognized would affect the Company's effective tax rate is \$1.1 million. The Company expects the unrecognized tax benefits to change over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction during this time frame, or if applicable statutes of limitations lapse. The impact of the amount of such changes to previously recorded uncertain tax positions could range from zero to \$1.1 million.

The Company and its domestic subsidiaries are subject to U.S. federal income tax as well as multiple state jurisdictions. U.S. federal income tax returns are typically subject to examination by the Internal Revenue Service (IRS) and the statute of limitations for Federal income tax returns is three years. The Company's filings for 2013 through 2015 are subject to audit based upon the Federal statute of limitations.

State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. There were no significant settlements of state audits during the year. As of December 31, 2016, there were no income tax audits in process and the tax years from 2011 to 2015 are subject to audit.

The Company is also subject to corporate income tax at its subsidiaries located in the United Kingdom, the Netherlands, India, Canada, Ireland, and Puerto Rico. The tax returns for the Company's subsidiaries located in foreign jurisdictions are subject to examination for periods ranging from one to seven years.

## 11. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

### *Preferred Stock*

The Company authorized 25 million shares of undesignated preferred stock in 2013 for issuance, of which none have been issued. The Company's board of directors has the authority, without further action by stockholders, to issue up to 25 million shares of preferred stock in one or more series. The Company's board of directors may designate the rights, preferences, privileges, and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference, and number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on the Company's common stock, diluting the voting power of its common stock, impairing the liquidation rights of its common stock, or delaying or preventing a change in control. The ability to issue preferred stock could delay or impede a change in control. As of December 31, 2016 and 2015, no shares of preferred stock were outstanding.

### *Treasury Stock*

On August 2, 2016, the board of directors of the Company authorized a share repurchase program of up to \$300.0 million of the Company's outstanding common stock, effective August 5, 2016. The share repurchase program, which has no expiration date, replaces the prior 2015 authorization, of which \$26.3 million remained available at the date the program was replaced. The shares may be repurchased from time to time in open market transactions at prevailing market prices, in privately negotiated transactions, under Rule 10b5-1 plans, or by other means in accordance with federal securities laws. During the year ended December 31, 2016, the Company repurchased 1.7 million shares for \$112.8 million, including a total of 1.0 million shares that were purchased from investment funds affiliated with the Sponsor in secondary offerings. At December 31, 2016, \$282.8 million remained outstanding under the repurchase program.

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On February 4, 2015, the board of directors of the Company authorized a share repurchase program of up to \$250.0 million of its common stock. During the year ended December 31, 2015, the Company repurchased 2.2 million shares for \$128.1 million, including a total of 2.1 million shares that were purchased from investment funds affiliated with the Sponsor in secondary offerings.

On March 28, 2014, the board of directors of the Company authorized the repurchase of up to \$225.0 million of its common stock. Under this authorization, the Company repurchased a total of 5.0 million shares for \$221.6 million in the year ended December 31, 2014, including 4.5 million shares that were purchased from investment funds affiliated with the Sponsor in secondary offerings.

### **Equity Incentive Plan**

The Company has the 2012 Omnibus Long-Term Incentive Plan (the “Plan”), which became effective on January 24, 2013, and allows for the issuance of equity awards of up to 5 million shares of common stock. As of December 31, 2016, there were approximately 2.3 million shares of common stock available for grant. Stock options granted under the Plan are subject to a service condition and expire in seven years from date of grant or termination of the holder’s employment with the Company, unless such termination was due to death, disability or retirement, unless otherwise determined by the administrator of the Plan. The majority of the options have a requisite service period of five years, with 60% of the options vesting on the third anniversary of the date of grant and 20% vesting on each of the fourth and fifth anniversaries.

The Company also had an incentive compensation plan (the “2008 Equity Incentive Plan”) which, as amended in March 2012, was authorized to issue 150,000 shares of Class L common stock and 1.5 million shares of Class A common stock. No additional options will be granted under the 2008 Equity Incentive Plan. However, all outstanding options continue to be governed by their existing terms.

### **Stock-Based Compensation**

The Company recognized the impact of stock-based compensation in its consolidated statements of income for the years ended December 31, 2016, 2015, and 2014 and did not capitalize any amounts on the consolidated balance sheets. In the years ended December 31, 2016, 2015, and 2014 the Company recorded stock-based compensation expense of \$11.6 million, \$9.2 million, and \$7.9 million, respectively, of which \$11.0 million, \$8.7 million, and \$7.3 million were recorded in selling, general and administrative expenses, respectively, and \$0.6 million, \$0.5 million, and \$0.6 million in cost of services, respectively, in the consolidated statements of income in relation to all awards granted under the equity incentive plans. Stock-based compensation expense generated an income tax benefit of \$4.6 million, \$3.7 million, and \$3.2 million in the years ended December 31, 2016, 2015, and 2014, respectively.

There were no share-based liabilities paid during the period. As of December 31, 2016, there was \$14.7 million of total unrecognized compensation expense related to unvested share-based compensation arrangements granted under the Plan. That expense is expected to be recognized over the remaining requisite service period. The weighted average remaining requisite service period was approximately two years at December 31, 2016.

### **Stock Options**

The fair value of each stock option of common stock granted was estimated on the date of grant using the Black-Scholes option pricing model using the following weighted average assumptions:

	Years ended December 31,		
	2016	2015	2014
Expected dividend yield	0.0%	0.0%	0.0%
Expected stock price volatility	30.0%	30.0%	30.0%
Risk free interest rate	1.4%	1.5%	1.8%
Expected life of options (years)	5.3	5.3	5.3
Weighted average fair value per share of options granted during the period	\$19.35	\$15.37	\$11.36

The expected dividend yield was based on the Company’s expectation of not paying dividends in the foreseeable future. Since the Company completed its initial public offering in January 2013, it does not have sufficient history as a publicly traded company to evaluate its volatility factor. As such, the expected stock price volatility is based upon the historical volatility of the stock price over the expected life of the options of the Company and that of peer companies that are publicly traded. The risk free interest rate was based on the U.S. Treasury rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the awards being valued. For grants issued during the years ended December 31, 2016, 2015, and 2014, the expected life of the options was calculated using the simplified method. The simplified method defines the life as the

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average of the contractual term of the options and the weighted average vesting period for all option tranches. This methodology was utilized due to the short length of time our common stock has been publicly traded.

The table below reflects stock option activity under the Company's equity plan for the year ended December 31, 2016.

	Weighted Average Remaining Contractual Life in Years	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value (In millions)
Outstanding at January 1, 2016	4.9	3,818,578	\$ 24.68	
Granted		559,025	65.05	
Exercised		(761,452)	15.34	
Forfeited		(132,274)	47.12	
Outstanding at December 31, 2016	4.5	3,483,877	\$ 32.34	\$ 131.3
Exercisable at December 31, 2016	3.8	1,582,711	\$ 16.12	\$ 85.3
Vested and expected to vest at December 31, 2016	4.4	3,348,894	\$ 31.43	\$ 129.2

The fair value (pre-tax) of options that vested during the years ended December 31, 2016, 2015, and 2014 were \$5.1 million, \$2.3 million, and \$3.9 million, respectively. The intrinsic value of options exercised during the years ended December 31, 2016, 2015, and 2014 were \$39.4 million, \$28.9 million, and \$32.3 million, respectively.

Cash received by the Company from the exercise of stock options for the years ended December 31, 2016, 2015, and 2014 was \$11.7 million, \$9.8 million, and \$17.4 million, respectively. Income tax benefits realized from the exercise of stock options in the years ended December 31, 2016, 2015, and 2014 were \$15.8 million, \$11.6 million, and \$12.9 million, respectively, inclusive of the excess tax benefits realized of \$12.9 million, \$9.4 million, and \$9.1 million in the years ended December 31, 2016, 2015, and 2014, respectively.

**Restricted Stock and Restricted Stock Units**

Restricted stock awards are granted to certain senior managers at the discretion of the board of directors as allowed under the Plan. Restricted stock awards typically vest on the earliest of the third anniversary of the grant date, a change of control of the Company, or the termination of employment by reason of death or disability, and are accounted for as nonvested stock. Restricted stock is sold for a price equal to 50% of the fair value of the stock at the date of grant. Proceeds from the issuance of restricted stock are recorded as other liabilities in the consolidated balance sheet until the earlier of vesting or forfeiture of the awards. The unvested shares of restricted stock participate equally in dividends with common stock. Restricted stock is considered legally issued at the date of grant but is not considered common stock issued and outstanding in accordance with accounting guidance until the requisite service period is fulfilled. All outstanding shares of restricted stock are expected to vest. Cash proceeds from the issuance of restricted stock for the years ended December 31, 2016, 2015, and 2014 were \$3.7 million, \$3.9 million, and \$4.7 million, respectively.

Stock-based compensation expense for restricted stock awards is calculated based on the fair value of the award on the date of grant, which is recognized on a straight line basis over the requisite service period. The Company's stock-based compensation expense recorded in selling, general and administrative expenses in the consolidated statements of income for the years ended December 31, 2016, 2015, and 2014 included \$4.1 million, \$2.9 million, and \$1.6 million, respectively, for restricted stock awards. As of December 31, 2016, total unrecognized compensation expense included \$3.6 million related to unvested restricted stock, which is expected to be recognized over the weighted average remaining requisite service period of approximately two years.

The table below reflects restricted stock activity under the Company's equity plan for the year ended December 31, 2016.

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (In millions)
Nonvested restricted stock shares at January 1, 2016	422,725	\$ 20.28	\$ 19.7
Granted	116,070	31.72	
Vested	—	—	
Forfeited	—	—	
Nonvested restricted stock shares at December 31, 2016	538,795	\$ 22.75	\$ 25.5

Restricted stock units are awarded to members of the board of directors as allowed under the Plan. The awards allow for the issuance of a share of the Company's common stock for each vested unit upon the earliest of termination of service as a

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member of the board of directors or five years after the date of the award. During the year ended December 31, 2016, 11,000 restricted stock units were awarded at a weighted average fair value of \$65.75. At December 31, 2016, there were 26,066 restricted stock units outstanding, with an intrinsic value of \$1.8 million, which vested upon award.

**12. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing net income by the weighted-average common shares outstanding. Diluted earnings per share is calculated by dividing net income by the weighted-average common shares and potentially dilutive securities outstanding during the period.

Earnings per share is calculated using the two-class method, which requires the allocation of earnings to each class of common stock outstanding and to unvested share-based payment awards that participate in dividends with common stock, also referred to herein as unvested participating shares.

The Company's unvested stock-based payment awards include unvested shares awarded as restricted stock awards at the discretion of the Company's board of directors. The restricted stock awards generally vest at the end of three years. The unvested shares participate equally in dividends. See Note 11 for a discussion of the current year unvested stock awards and issuances.

*Earnings per Share - Basic*

The following table sets forth the computation of earnings per share using the two-class method (in thousands, except share and per share amounts):

	Years ended December 31,		
	2016	2015	2014
<b>Basic earnings per share:</b>			
Net income	\$ 94,760	\$ 93,927	\$ 72,035
<b>Allocation of net income to common stockholders:</b>			
Common stock	\$ 93,919	\$ 93,287	\$ 71,755
Unvested participating shares	841	640	280
	<u>\$ 94,760</u>	<u>\$ 93,927</u>	<u>\$ 72,035</u>
<b>Weighted average number of common shares:</b>			
Common stock	59,229,069	60,835,574	65,612,572
Unvested participating shares	531,364	417,285	255,920
<b>Earnings per common share:</b>			
Common stock	\$ 1.59	\$ 1.53	\$ 1.09

*Earnings per Share - Diluted*

The Company calculates diluted earnings per share for common stock using the more dilutive of (1) the treasury stock method, or (2) the two-class method. The following table sets forth the computation of diluted earnings per share using the two-class method (in thousands, except share and per share amounts):

	Years ended December 31,		
	2016	2015	2014
<b>Diluted earnings per share:</b>			
Earnings allocated to common stock	\$ 93,919	\$ 93,287	\$ 71,755
Plus earnings allocated to unvested participating shares	841	640	280
Less adjusted earnings allocated to unvested participating shares	(822)	(624)	(274)
Earnings allocated to common stock	<u>\$ 93,938</u>	<u>\$ 93,303</u>	<u>\$ 71,761</u>
<b>Weighted average number of common shares:</b>			
Common stock	59,229,069	60,835,574	65,612,572
Effect of dilutive securities	1,365,826	1,525,204	1,631,600
	<u>60,594,895</u>	<u>62,360,778</u>	<u>67,244,172</u>
<b>Earnings per common share:</b>			
Common stock	\$ 1.55	\$ 1.50	\$ 1.07

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Options outstanding to purchase 0.5 million, 0.2 million and 0.7 million shares of common stock were excluded from diluted earnings per share for the years ended December 31, 2016, 2015, and 2014, respectively, since their effect was anti-dilutive, which may be dilutive in the future.

### 13. COMMITMENTS AND CONTINGENCIES

#### *Leases*

The Company leases various office equipment, child care and early education center facilities and office space under non-cancelable operating leases. Most of the leases expire within 10 and 15 years and many contain renewal options for various periods. Rent expense for the years ended December 31, 2016, 2015, and 2014 totaled \$103.1 million, \$97.3 million and \$88.7 million, respectively.

Future minimum payments under non-cancelable operating leases as of December 31, 2016 are as follows for the years ending December 31 (in thousands):

2017	\$	98,982
2018		95,258
2019		89,422
2020		82,048
2021		71,017
Thereafter		462,565
Total future minimum lease payments	\$	<u>899,292</u>

#### *Long-Term Debt*

Future minimum payments of long-term debt are as follows for the years ending December 31 (in thousands):

2017	\$	10,750
2018		10,750
2019		10,750
2020		10,750
2021		10,750
Thereafter		1,021,250
Total future principal payments	\$	<u>1,075,000</u>

#### *Overdraft Facilities*

The Company's subsidiaries in the United Kingdom maintain an overdraft facility with a U.K. bank to support local short-term working capital requirements. The overdraft facility is repayable upon demand from the U.K. bank. The facility provides maximum borrowings of £0.3 million (approximately \$0.4 million at December 31, 2016) and is secured by a cross guarantee by and among the Company's subsidiaries in the United Kingdom and a right of offset against all accounts maintained by the subsidiaries at the lending bank. The overdraft facility bears interest at the U.K. bank's base rate plus 2.15%. At December 31, 2016 and 2015, there were no amounts outstanding under the overdraft facility.

#### *Letters of Credit*

The Company has 25 letters of credit outstanding used to guarantee certain rent payments for up to \$1.0 million. These letters of credit are guaranteed by cash deposits. No amounts have been drawn against these letters of credit.

#### *Litigation*

The Company is a defendant in certain legal matters in the ordinary course of business. Management believes the resolution of such pending legal matters will not have a material effect on the Company's financial condition, results of operations or cash flows, although we cannot predict the ultimate outcome of any such actions.

#### *Insurance and Regulatory*

The Company self-insures a portion of its medical insurance plans and has a high deductible workers' compensation plan. Management believes that the amounts accrued for these obligations are sufficient and that ultimate settlement of such claims or costs associated with claims made under these plans will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

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The Company's child care and early education centers are subject to numerous federal, state and local regulations and licensing requirements. Failure of a center to comply with applicable regulations can subject it to governmental sanctions, which could require expenditures by the Company to bring its child care and early education centers into compliance.

#### 14. EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) Retirement Savings Plan (the "401(k) Plan") for all eligible employees. To be eligible for the 401(k) Plan, an employee must be at least 20.5 years of age and have completed their eligibility period of 60 days and 160 hours of service from date of hire. If they do not meet the 160 hours of service requirement, they may be eligible at 12 months provided they have reached 1,000 hours of service from date of hire. The 401(k) Plan is funded by elective employee contributions of up to 50% of their compensation, subject to certain limitations. Under the 401(k) Plan, the Company matches 25% of employee contributions for each participant up to 8% of the employee's compensation after one year of service. Expense under the plan, consisting of Company contributions and plan administrative expenses paid by the Company, totaled approximately \$2.7 million, \$2.5 million and \$2.3 million for the years ended December 31, 2016, 2015 and 2014, respectively.

The Company maintains a Nonqualified Deferred Compensation Plan (the "NQDC Plan") for all eligible employees. Eligible employees are employees who have capped contribution levels in our existing 401(k) Plan due to the thresholds dictated by the IRS definition of "highly compensated" employees, as well as other employees at the discretion of the Bright Horizons Family Solutions Nonqualified Deferred Compensation Plan Committee. The NQDC Plan is funded by elective employee contributions of up to 50% of their compensation. Under the NQDC Plan, the Company matches 25% of employee contributions for each participant up to \$2,500. The Company records an asset and a corresponding liability on the consolidated balance sheet for the deferred compensation plan that were \$2.7 million and \$2.8 million at December 31, 2016, respectively. The deferred compensation plan asset and liability were \$1.1 million and \$1.2 million at December 31, 2015, respectively.

#### 15. SEGMENT AND GEOGRAPHIC INFORMATION

Bright Horizons work/life services are comprised of full service center-based child care, back-up dependent care, and other educational advisory services. Full service center-based care includes the traditional center-based child care, preschool, and elementary education, which have similar operating characteristics and meet the criteria for aggregation. Full service center-based care derives its revenues primarily from contractual arrangements with corporate clients and from tuition. The Company's back-up dependent care services consist of center-based back-up child care, in-home care, mildly ill care, and adult/elder care. The Company's other educational advisory services consist of college preparation and admissions counseling, tuition reimbursement program management, and related consulting services, which have similar operating characteristics and meet the criteria for aggregation. The Company and its chief operating decision makers evaluate performance based on revenues and income from operations.

The assets and liabilities of the Company are managed centrally and are reported internally in the same manner as the consolidated financial statements; therefore, no additional information is produced or included herein.

	Full service center-based care		Back-up dependent care		Other educational advisory services		Total	
	(In thousands)							
<b>Year ended December 31, 2016</b>								
Revenue	\$	1,321,699	\$	200,106	\$	48,036	\$	1,569,841
Amortization of intangible assets		27,862		1,204		576		29,642
Income from operations (1)		129,693		57,620		9,925		197,238
<b>Year ended December 31, 2015</b>								
Revenue	\$	1,236,762	\$	181,574	\$	40,109	\$	1,458,445
Amortization of intangible assets		26,690		725		574		27,989
Income from operations (2)		115,149		56,891		9,562		181,602
<b>Year ended December 31, 2014</b>								
Revenue	\$	1,156,661	\$	162,886	\$	33,452	\$	1,352,999
Amortization of intangible assets		27,696		725		578		28,999
Income from operations (3)		92,229		49,317		5,374		146,920

- (1) For the year ended December 31, 2016, income from operations includes of \$2.5 million of costs associated with secondary offerings of common shares, completed acquisitions, and the amendments to the credit agreement completed in January and November 2016, all of which are allocated to full service center-based care.

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- (2) For the year ended December 31, 2015, income from operations includes \$0.9 million of costs associated with secondary offerings of common shares and completed acquisitions, all of which are allocated to full service center-based care.
- (3) For the year ended December 31, 2014, income from operations includes \$2.7 million of costs associated with secondary offerings of common shares and the amendment to the credit agreement completed in November 2014 (\$2.4 million to full service center-based care and \$0.3 million to back-up dependent care).

Revenue and long-lived assets by geographic region are as follows (in thousands):

Revenue	Years ended December 31,		
	2016	2015	2014
North America	\$ 1,277,165	\$ 1,182,629	\$ 1,074,951
Europe and other	292,676	275,816	278,048
Total revenue	\$ 1,569,841	\$ 1,458,445	\$ 1,352,999

Long-lived assets	December 31,		
	2016	2015	2014
North America	\$ 322,267	\$ 308,469	\$ 277,971
Europe and other	207,165	121,267	120,976
Total long-lived assets	\$ 529,432	\$ 429,736	\$ 398,947

The classification “North America” is comprised of the Company’s United States, Canada and Puerto Rico operations and the classification “Europe and other” includes the Company’s United Kingdom, Netherlands, Ireland, and India operations. Revenues in the United States were \$1.3 billion in 2016, \$1.2 billion in 2015, and \$1.1 billion in 2014. Revenues in the United Kingdom were \$248.2 million in 2016, \$238.5 million in 2015, and \$239.6 million in 2014. Long-lived assets were \$320.5 million, \$306.6 million, and \$275.7 million at December 31, 2016, 2015, and 2014 respectively, in the United States, and \$193.9 million, \$107.8 million, and \$104.0 million at December 31, 2016, 2015, and 2014 respectively, in the United Kingdom. Revenue and long-lived assets associated with other countries were not material.

#### 16. TRANSACTIONS WITH RELATED PARTIES

Certain of the Company's stockholders affiliated with the Sponsor sold shares of the Company’s common stock in secondary offerings totaling 4.1 million, 9.7 million, and 15.9 million shares in the years ended December 31, 2016, 2015, and 2014, respectively.

The Company purchased 1.0 million, 2.1 million, and 4.5 million of the shares sold in the secondary offerings in 2016, 2015, and 2014, respectively, from investment funds affiliated with the Sponsor at the same price per share paid by the underwriter to the selling stockholders.

As of December 31, 2016, investment funds affiliated with the Sponsor hold approximately 21.0% of the Company’s common stock. Three members of the Company's board of directors are affiliated with the Sponsor.

#### 17. QUARTERLY RESULTS (UNAUDITED)

In the opinion of the Company’s management, the accompanying unaudited interim consolidated financial statements contain all adjustments which are necessary for a fair presentation of the quarters presented. The operating results for any quarter are not necessarily indicative of the results of any future quarter.

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Selected quarterly financial information follows for the years ended December 31, 2016 and 2015 (in thousands, except share and per share amounts):

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
Revenue	\$ 385,322	\$ 402,053	\$ 383,929	\$ 398,537
Gross profit	95,776	104,383	91,472	99,216
Income from operations	48,597	56,578	44,715	47,348
Net income	24,727	30,403	22,510	17,120
Allocation of net income to common stockholders:				
Common stock—basic	24,517	30,131	22,306	16,965
Common stock—diluted	24,522	30,137	22,311	16,968
Earnings per share:				
Common stock—basic	\$ 0.41	\$ 0.51	\$ 0.38	\$ 0.29
Common stock—diluted	\$ 0.40	\$ 0.50	\$ 0.37	\$ 0.28

	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Revenue	\$ 350,440	\$ 370,465	\$ 365,944	\$ 371,596
Gross profit	86,608	95,860	85,384	89,903
Income from operations	42,841	52,138	41,741	44,882
Net income	22,532	26,919	20,558	23,918
Allocation of net income to common stockholders:				
Common stock—basic	22,386	26,735	20,415	23,751
Common stock—diluted	22,390	26,739	20,419	23,755
Earnings per common share:				
Common stock—basic	\$ 0.36	\$ 0.44	\$ 0.34	\$ 0.40
Common stock—diluted	\$ 0.35	\$ 0.43	\$ 0.33	\$ 0.39



**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

***Disclosure Controls and Procedures***

We maintain disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act that are intended to ensure that information that would be required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2016. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2016, such disclosure controls and procedures were effective.

***Management's Report on Internal Control Over Financial Reporting***

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the Exchange Act as a process, designed by, or under the supervision of the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions and disposition of assets; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures are made only in accordance with management and board authorizations; and providing reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

Management, with the participation of the Company's principal executive and principal financial officers, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016 based on the framework and criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Consistent with published SEC guidance, management excluded from its assessment of internal control over financial reporting Conchord Limited, which was acquired on November 10, 2016, whose assets and revenue constituted 10.2% and 0.7%, respectively, of the consolidated financial statements as of and for the year ended December 31, 2016.

Based on the foregoing, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2016.

***Attestation Report of the Independent Registered Public Accounting Firm***

Our internal control over financial reporting as of December 31, 2016, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their attestation report, which follows below.

***Changes in Internal Control Over Financial Reporting***

In the course of completing our assessment of internal control over financial reporting as of December 31, 2014, management identified a material weakness in internal control over financial reporting related to information technology ("IT") general controls, which had not been remediated as of December 31, 2015. In our assessment, management identified a number of deficiencies related to the design and operating effectiveness of IT general controls for information systems that comprise part of the Company's system of internal control over financial reporting and are relevant to the preparation of our consolidated financial statements (such information technology systems are referred to as the "affected IT systems"). These deficiencies involved user access controls and program change management controls that are intended to ensure that access to

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financial applications and data is adequately restricted to appropriate personnel, and that changes affecting the financial applications and underlying account records are identified, authorized, tested and implemented appropriately. Over the course of 2015 and 2016, the Company implemented a number of remediation efforts to address the material weakness and to improve and strengthen our internal controls including the following:

- Improved the design, operation and monitoring of control activities and procedures associated with user and administrator access to the affected IT systems, including both preventive and detective control activities.
- Implemented appropriate program change management control activities, including the installation of third party utility tools, to track access, authorizations and history of changes across the affected IT systems.
- Hired additional information technology personnel and expanded the resources in the functional areas that support and monitor our IT systems and the information generated therefrom.
- Implemented expanded training focused on the design and function of our control procedures, and employed dedicated compliance personnel to drive the design, maintenance and optimization of our control framework, including monitoring activities.
- Implemented business process controls that directly mitigate the risks related to the electronic data and financial reports generated from the affected IT systems and used in the performance of underlying business process controls while remediation was in progress to address the IT general controls deficiencies.

During the fourth quarter of 2016, we completed our testing of internal controls over financial reporting and determined that controls and procedures over the affected IT systems were operating effectively. Management has therefore concluded that the previously reported material weakness in internal controls over financial reporting related to IT general controls in the areas of user access and program change management for the affected IT systems had been remediated as of December 31, 2016.

Except as described above, there have been no changes in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Bright Horizons Family Solutions Inc.  
Watertown, Massachusetts

We have audited the internal control over financial reporting of Bright Horizons Family Solutions Inc. and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Conchord Limited, which was acquired on November 10, 2016, and whose financial statements constitute 10.2% of consolidated operating assets and 0.7% of consolidated revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2016. Accordingly, our audit did not include the internal control over financial reporting at Conchord Limited. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on that risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Bright Horizons Family Solutions Inc. and subsidiaries as of and for the year ended December 31, 2016, and our report dated March 1, 2017 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts  
March 1, 2017

**Item 9B. Other Information**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

Information regarding our executive officers is set forth at the end of Part I of this Annual Report on Form 10-K under the caption “Executive Officers of the Registrant.” The remaining information required by this Item 10 will be contained in our Definitive Proxy Statement for our 2017 Annual Meeting of Stockholders, which will be filed no later than 120 days after the close of our fiscal year ended December 31, 2016 (the “Definitive Proxy Statement”) and is incorporated herein by reference.

**Item 11. Executive Compensation**

Except for information regarding securities authorized under our equity compensation plans as set forth in Part II, Item 5 of this Annual Report on Form 10-K under the caption “Equity Compensation Plans,” the information required by this item will be contained in our Definitive Proxy Statement and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item will be contained in our Definitive Proxy Statement and is incorporated herein by reference.

**Item 13. Certain Relationships, Related Transactions and Director Independence**

The information required by this item will be contained in our Definitive Proxy Statement and is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services**

The information required by this item will be contained in our Definitive Proxy Statement and is incorporated herein by reference.

**PART IV****Item 15. Exhibits, Financial Statement Schedules**

(a) The following documents are filed as part of this report:

1. Financial statements: All financial statements are included in Part II, Item 8 of this report.
2. Financial statement schedules: All other financial statement schedules are omitted because they are not required or are not applicable, or the required information is provided in the consolidated financial statements or notes described in Item 15(a)(1) above.
3. Exhibits: The following is an index of the exhibits included in this Annual Report on Form 10-K or incorporated by reference.

<b>Exhibit Number</b>	<b>Exhibit Title</b>
3.1	Form of Second Restated Certificate of Incorporation of Bright Horizons Family Solutions Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
3.2	Form of Amended and Restated Bylaws of Bright Horizons Family Solutions Inc. (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
4.1	Form of Amended and Restated Registration Rights Agreement among Bright Horizons Family Solutions Inc. and certain stockholders of Bright Horizons Family Solutions Inc. (incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed November 9, 2012)
10.1†	Bright Horizons Family Solutions Inc. (f/k/a Bright Horizons Solutions Corp.) 2008 Equity Incentive Plan amended (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.2†	Amendment to Bright Horizons Family Solutions Inc. 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.1(1) to Amendment No. 2 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed on January 14, 2013)
10.3 (1)*	Incremental and Amendment and Restatement Agreement, dated as of November 7, 2016, among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and the Incremental Term Lenders as parties thereto
10.3 (2)*	Credit Agreement, as amended and restated on November 7, 2016, by and among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., JPMorgan Chase Bank, N.A., the Lenders and other parties thereto, as previously named
10.4†	Form of Non-Statutory Time-Based Option Award under the 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.5†	Form of Non-Statutory Performance-Based Option Award under the 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.6†	Form of Non-Statutory Continuation Option Award under the 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.7†	Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Stephen I. Dreier (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-1, File No. 333-188903, filed May 29, 2013)
10.8†	Form of Non-Statutory Stock Option Agreement (Directors) under 2012 Omnibus Long-Term Incentive Plan (incorporated by reference to Exhibit 10.6(1) to Amendment No. 1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed November 9, 2012)
10.9†	Form of Non-Statutory Stock Option Agreement (Employees) under 2012 Omnibus Long-Term Incentive Plan (incorporated by reference to Exhibit 10.6(2) to Amendment No. 1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed November 9, 2012)
10.10†	Bright Horizons Family Solutions Inc. 2012 Omnibus Long-Term Incentive Plan (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K, filed March 26, 2013)

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<b>Exhibit Number</b>	<b>Exhibit Title</b>
10.11†	Bright Horizons Family Solutions Inc. Annual Incentive Plan (incorporated by reference to Exhibit 10.7 Amendment No. 1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed November 9, 2012)
10.12†	Form of Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and David Lissy (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.13†*	Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Mandy Berman
10.14†	Form of Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Elizabeth Boland (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.15†	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.16†	Form of Amended and Restated Stockholders Agreement among Bright Horizons Family Solutions Inc. and certain stockholders named therein (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.17†*	Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Mary Lou Burke
10.18	Amended and Restated Lease between the President and Fellows of Harvard College and Bright Horizons Children's Centers, LLC, dated December 1, 2009 (incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.19	Assignment and Assumption of Lease and Novation Agreement among the President and Fellows of Harvard College, Enterprise Mobile, Inc. and Bright Horizons Children's Centers LLC, dated June 15, 2011 (incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.20	First Amendment to Amended and Restated Lease between the President and Fellows of Harvard College and Bright Horizons Children's Centers LLC, dated July 25, 2011 (incorporated by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.21	Second Amendment to Amended and Restated Lease between the President and Fellows of Harvard College and Bright Horizons Children's Centers LLC, dated September 30, 2012 (incorporated by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.22*	Agreement for the Sale and Purchase of the Entire Issued Share Capital of Conchord Limited, dated as of November 8, 2016, among Kaupthing ehf, BHFS Two Limited, Bright Horizons Family Solutions LLC and the persons listed therein (1)
10.23*	Management Warranty Deed, dated as of November 8, 2016, among the persons listed therein and BHFS Two Limited (1)
10.24*	Debt Assignment Agreement of Facilities Agreement, dated November 10, 2016, among Kaupthing ehf, Chestnutbay Acquisitionco Limited and BHFS Two Limited (1)
10.25†	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015)
10.26†	Form of Restricted Stock Unit Agreement (Directors) (incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015)
10.27†	Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Stephen Kramer (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015)
10.28†	Bright Horizons Family Solutions Non-Qualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015)
21.1*	Subsidiaries of Bright Horizons Family Solutions Inc.
23.1*	Consent of Independent Registered Public Accounting Firm Deloitte & Touche LLP
31.1*	Certification pursuant to Section 302 of Sarbanes Oxley Act of 2002 by Chief Executive Officer
31.2*	Certification pursuant to Section 302 of Sarbanes Oxley Act of 2002 by Chief Financial Officer
32.1**	Certification pursuant to Section 906 of Sarbanes Oxley Act of 2002 by Chief Executive Officer
32.2**	Certification pursuant to Section 906 of Sarbanes Oxley Act of 2002 by Chief Financial Officer
101.INS*	XBRL Instance Document

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<b>Exhibit Number</b>	<b>Exhibit Title</b>
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
*	Exhibits filed herewith
**	Exhibits furnished herewith
†	Management contract or compensatory plan
(1)	Schedules (or similar attachments) have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant hereby undertakes to furnish supplementally copies of any of the omitted schedules (or similar attachments) upon request by the SEC.

**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 1, 2017

Bright Horizons Family Solutions Inc.

By: /s/ David Lissy  
Name: David Lissy  
Title: Chief Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David Lissy</u> David Lissy	Director, Chief Executive Officer (Principal Executive Officer)	March 1, 2017
<u>/s/ Elizabeth Boland</u> Elizabeth Boland	Chief Financial Officer (Principal Financial and Accounting Officer)	March 1, 2017
<u>/s/ Linda Mason</u> Linda Mason	Director, Chair of the Board	March 1, 2017
<u>/s/ Lawrence Alleva</u> Lawrence Alleva	Director	March 1, 2017
<u>/s/ Joshua Bekenstein</u> Joshua Bekenstein	Director	March 1, 2017
<u>/s/ Roger Brown</u> Roger Brown	Director	March 1, 2017
<u>/s/ E. Townes Duncan</u> E. Townes Duncan	Director	March 1, 2017
<u>/s/ Jordan Hitch</u> Jordan Hitch	Director	March 1, 2017
<u>/s/ David Humphrey</u> David Humphrey	Director	March 1, 2017
<u>/s/ Marguerite Kondracke</u> Marguerite Kondracke	Director	March 1, 2017
<u>/s/ Sara Lawrence-Lightfoot</u> Sara Lawrence-Lightfoot	Director	March 1, 2017
<u>/s/ Cathy E. Minehan</u> Cathy E. Minehan	Director	March 1, 2017
<u>/s/ Mary Ann Tocio</u> Mary Ann Tocio	Director	March 1, 2017



## INCREMENTAL AND AMENDMENT AND RESTATEMENT AGREEMENT

This INCREMENTAL AND AMENDMENT AND RESTATEMENT AGREEMENT, dated as of November 7, 2016 (this “**Agreement**”), is entered into by and among BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the “**Borrower**”), BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation (“**Holdings**”), GOLDMAN SACHS BANK USA (“**GS Bank**”), as administrative agent (in such capacity, the “**Existing Administrative Agent**”), Swing Line Lender and L/C Issuer, JPMORGAN CHASE BANK, N.A. (“**JPMCB**”), as successor administrative agent (in such capacity, the “**Successor Administrative Agent**” and, together with the Existing Administrative Agent, the “**Administrative Agents**”) and L/C Issuer, and each Incremental Term Lender (as defined below) party hereto and amends and restates the Credit Agreement, dated as of January 30, 2013, by and among the Borrower, Holdings, GS Bank, as Administrative Agent, Swing Line Lender and L/C Issuer, the Lenders and the other parties party thereto from time to time (as amended by Amendment No. 1 to Credit Agreement, dated as of November 19, 2014, the Incremental Joinder to Credit Agreement, dated as of December 9, 2014 and the Extension and Incremental Amendment, dated as of January 26, 2016, the “**Existing Credit Agreement**”). The Credit Agreement as amended and restated by this Agreement is referred to herein as the “**Amended and Restated Credit Agreement**”. Capitalized terms not otherwise defined in this Agreement have the meanings ascribed to such terms in the Existing Credit Agreement.

### WITNESSETH:

WHEREAS, pursuant to the Existing Credit Agreement, the Term Lenders have made Term B Loans and Term B-1 Loans (such loans outstanding immediately prior to the effectiveness of this Agreement, collectively, the “**Existing Term Loans**”) to the Borrower;

WHEREAS, in accordance with Section 2.16 of the Existing Credit Agreement, the Borrower has notified the Existing Administrative Agent that it is requesting that the persons listed on Schedule 1 hereto (the “**Incremental Term Lenders**”) commit to provide Incremental Term Loans to the Borrower under the Existing Credit Agreement in an aggregate principal amount equal to (a) \$925,000,000, which will be available on the Effective Date (as defined below) (the “**Effective Date Incremental Term Loans**”) and (b) \$200,000,000, which will be available on a delayed draw basis (the “**Delayed Draw Incremental Term Loans**” and, together with the Effective Date Incremental Term Loans, the “**Incremental Term Loans**”) on the Delayed Draw Funding Date (as defined below) on the terms and conditions set forth in this Agreement (it being understood that upon the funding of the Effective Date Incremental Term Loans and the Delayed Draw Incremental Term Loans, such Incremental Term Loans shall constitute a single Class of Loans for all purposes of the Amended and Restated Credit Agreement);

WHEREAS, the proceeds of the Effective Date Incremental Term Loans will be used to prepay in full the Existing Term Loans and all accrued and unpaid interest thereon and all related fees and expenses, and the proceeds of the Delayed Draw Incremental Term Loans will be used for general corporate purposes, including acquisitions;

WHEREAS, the Incremental Term Lenders are willing to provide the Incremental Term Loans to the Borrower pursuant to the terms and subject to the conditions set forth herein;

WHEREAS, the Borrower has requested that, immediately after the making of the Effective Date Incremental Term Loans, the Existing Credit Agreement be amended and restated, in the form attached hereto as Exhibit A, to provide for the modification of certain covenants and other provisions as reflected in the Amended and Restated Credit Agreement; and

WHEREAS, with respect to such Incremental Term Loans and this Agreement, JPMCB, Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated have been appointed to act as joint lead arrangers and joint bookrunners (collectively, the “**Arrangers**”) and Bank of America, N.A. and Barclays Bank PLC have been appointed to act as co-syndication agents.

NOW, THEREFORE, in consideration of the premises and the covenants and obligations contained herein, the parties hereto agree as follows:

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### SECTION 1. *Incremental Amendment.*

(a) This Section 1 constitutes an “Incremental Amendment” pursuant to which each Incremental Term Lender commits to make, severally but not jointly, to the Borrower (i) Effective Date Incremental Term Loans on the Effective Date in a principal amount not exceeding the amounts set forth opposite such Incremental Term Lender’s name under the heading “**Effective Date Incremental Term Commitment**” on Schedule 1 hereto (each, an “Effective Date Incremental Term Commitment”) and (ii) Delayed Draw Incremental Term Loans on the Delayed Draw Funding Date in a principal amount not exceeding the amounts set forth opposite such Incremental Term Lender’s name under the heading “**Delayed Draw Incremental Term Commitment**” on Schedule 1 hereto (each, a “**Delayed Draw Incremental Term Commitment**” and, together with the Effective Date Incremental Term Commitments, the “**Incremental Term Commitments**”). Once funded, the Effective Date Incremental Term Loans and the Delayed Draw Incremental Term Loans shall be deemed to be a single Class for all purposes under the Amended and Restated Credit Agreement. The aggregate principal amount of the Effective Date Incremental Term Commitments of all Incremental Term Lenders as of the date of this Agreement is \$925,000,000. The aggregate principal amount of the Delayed Draw Incremental Term Commitments of all Incremental Term Lenders as of the date of this Agreement is \$200,000,000. Unless previously terminated, the Effective Date Incremental Term Commitments shall terminate at 5:00 p.m., New York City time, on the date of initial funding of the Effective Date Incremental Term Loans. Unless previously terminated, the Delayed Draw Incremental Term Commitments shall terminate at 5:00 p.m., New York City time, on the earlier of (x) the making of the Delayed Draw Incremental Term Loans on the Delayed Draw Funding Date and (y) the date that is three months after the Effective Date.

(b) Amounts borrowed under this Section 1 and repaid or prepaid may not be reborrowed. Incremental Term Loans may be Base Rate Loans or Eurocurrency Rate Loans, as further provided in the Existing Credit Agreement and the Amended and Restated Credit Agreement.

(c) The Borrower shall use the proceeds of (i) the Effective Date Incremental Term Loans (A) to prepay in full, on the Effective Date, the outstanding principal amount of the Existing Term Loans, together with any accrued but unpaid interest and fees thereon and (B) to pay all fees, costs and expenses incurred or payable by the Borrower in connection with the foregoing and with the execution and delivery of this Agreement by each person party hereto, the satisfaction and/or waiver of the conditions to the effectiveness hereof and the consummation of the transactions contemplated hereby (including the borrowing of the Incremental Term Loans and the amendment and restatement of the Existing Credit Agreement) and (ii) the Delayed Draw Incremental Term Loans (A) for general corporate purposes, including acquisitions and (B) to pay all fees, costs and expenses incurred or payable by the Borrower in connection with the foregoing.

(d) Notwithstanding anything herein (including Sections 1(a) and 1(c) hereof) or in the Existing Credit Agreement to the contrary, (i) each Incremental Term Lender holding an Existing Term Loan immediately prior to the Effective Date (each such Incremental Term Lender, an “**Existing Lender**”) that delivers to the Successor Administrative Agent an executed cashless roll election form shall be deemed to have made to the Borrower an Effective Date Incremental Term Loan on the Effective Date in an amount (such Existing Lender’s “**Cashless Roll Amount**”) equal to the lesser of (A) the aggregate principal amount of the Existing Term Loan held by such Existing Lender immediately prior to the Effective Date (such Existing Lender’s “**Existing Term Loan Amount**”) and (B) such Existing Lender’s Effective Date Incremental Term Commitment; provided that if such Existing Lender’s Effective Date Incremental Term Commitment exceeds such Existing Lender’s Existing Term Loan Amount, then such Existing Lender shall be required to make an Effective Date Incremental Term Loan to the Borrower on the Effective Date in accordance with Section 1(a) hereof in an aggregate principal amount equal to such excess, and (ii) the Borrower shall be deemed to have prepaid, on the Effective Date, an amount of the Existing Term Loan of each Existing Lender in an aggregate principal amount equal to the lesser of (A) such Existing Lender’s Existing Term Loan Amount and (B) such Existing Lender’s Effective Date Incremental Term Commitment; provided that (1) if such Existing Lender’s Existing Term Loan Amount exceeds such Existing Lender’s Effective Date Incremental Term Commitment, then the Borrower shall be required to prepay in full, on the Effective Date in accordance with Section 1(c) hereof, the outstanding principal amount of the Existing Term Loan of such Existing Lender not deemed to be prepaid pursuant to this clause (ii) and (2) notwithstanding the operation of this clause (ii), the Borrower shall be required to pay to such Existing

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Lender, on the Effective Date, all accrued but unpaid interest and fees on the outstanding principal amount of the Existing Term Loans of such Existing Lender immediately prior to the Effective Date.

**SECTION 2. *Consent to Resignation of Existing Administrative Agent and Appointment of Successor Administrative Agent***

(a) The Successor Administrative Agent, each Incremental Term Lender and the Borrower, by delivering its signature page to this Agreement, shall be deemed to have consented to: (i) the resignation of the Existing Administrative Agent and the waiver of the notice period in respect of such resignation in Section 9.09 of the Existing Credit Agreement, (ii) the resignation of GS Bank as Swing Line Lender and L/C Issuer, (iii) the resignation of GS Bank as Collateral Agent and (iv) the waiver of the notice period and the requirement to have identified a successor Swing Line Lender and L/C Issuer in Section 10.07(j) of the Existing Credit Agreement in connection with GS Bank's resignation as Swing Line Lender and L/C Issuer.

(b) Each Incremental Term Lender, by delivering its signature page to this Agreement, shall be deemed to have agreed to appoint JPMCB as Successor Administrative Agent pursuant to Section 9.09 of the Existing Credit Agreement to be effective immediately following the resignation of the Existing Administrative Agent.

(c) The Borrower, by delivering its signature page to this Agreement, shall be deemed to have consented to the appointment of the Successor Administrative Agent pursuant to Section 9.09 of the Existing Credit Agreement and to have agreed to appoint JPMCB as L/C Issuer pursuant to Section 10.07(j), in each case, to be effective immediately following the resignation of the Existing Administrative Agent.

**SECTION 3. *Amendment and Restatement of the Existing Credit Agreement***

(a) Effective immediately following the transactions contemplated by Sections 1 and 2 hereof, the Existing Credit Agreement is hereby amended and restated in the form attached hereto as Exhibit A. Each of Schedule 2.01 and Schedule 10.02 to the Existing Credit Agreement is replaced by the applicable Schedule having the same designation attached to the Amended and Restated Credit Agreement.

(b) Subject to the terms and conditions set forth herein and in the Amended and Restated Credit Agreement, (i) on the Effective Date, (A) the term "Term B Loans" shall be deemed to refer to the Effective Date Incremental Term Loans and (B) the Incremental Term Lenders shall have all of the rights and obligations of a "Term B Lender" as set forth therein and (ii) on the Delayed Draw Funding Date, the Effective Date Incremental Term Loans and the Delayed Draw Incremental Term Loans shall constitute the same Class of Loans for all purposes of the Amended and Restated Credit Agreement and the term "Term B Loans" shall be deemed to include the Delayed Draw Incremental Term Loans.

(c) Each Incremental Term Lender, by delivering its signature page to this Agreement, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be approved by any Agent, the Required Lenders or any other Lenders, as applicable, on the Effective Date (and after giving effect to the amendment and restatement of the Existing Credit Agreement).

**SECTION 4. *Conditions Precedent to the Effectiveness of the Agreement***

(a) This Agreement shall become effective on the date when each of the following conditions precedent shall have been satisfied or waived (the "**Effective Date**"):

(i) The Existing Administrative Agent shall have received from the Borrower an Incremental Loan Request with respect to the Incremental Term Loans pursuant to Section 2.16 of the Existing Credit Agreement;

(ii) The Successor Administrative Agent shall have received each of the following, each dated the Effective Date:

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(1) this Agreement, duly executed by the Borrower, GS Bank, in its capacity as the Existing Administrative Agent, Swing Line Lender and L/C Issuer, JPMCB in its capacity as the Successor Administrative Agent and L/C Issuer and the Incremental Term Lenders;

(2) a successor agent agreement, duly executed by the Borrower, GS Bank, in its capacity as the Existing Administrative Agent, Swing Line Lender and L/C Issuer and JPMCB in its capacity as the Successor Administrative Agent and L/C Issuer, in form and substance reasonably satisfactory to each party thereto;

(3) a written opinion of Ropes & Gray LLP, counsel for the Loan Parties, in form and substance reasonably satisfactory to the Successor Administrative Agent;

(4) certificates of good standings from the applicable secretary of state of the state of organization of each Loan Party, certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Successor Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to be a party on the Effective Date;

(5) the Reaffirmation Agreement, duly executed by each Loan Party in the form attached hereto as Exhibit B;

(6) a certificate attesting to the Solvency of the Borrower and its Restricted Subsidiaries (taken as a whole) on the Effective Date after giving effect to the transactions contemplated by this Agreement, including the making of the Incremental Term Loans and the application of the proceeds therefrom, from the chief financial officer of the Borrower; and

(7) a certificate of a Responsible Officer of the Borrower certifying as to the matters specified in Section 5 (Representations and Warranties) and clauses (a)(iii) and (a)(iv) below;

(iii) no Default or Event of Default shall exist or would exist after giving effect to this Agreement, including from the making of the Incremental Term Loans and the application of the proceeds therefrom;

(iv) the representations and warranties of each Loan Party set forth in Article V of the Existing Credit Agreement and in each other Loan Document shall be true and correct in all material respects on and as of the Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; provided that any representation and warranty that is qualified as to "materiality", "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates;

(v) the Borrower shall have paid: (i) all amounts referred to in Section 6 (Fees and Expenses) of this Agreement that have been invoiced to the Borrower at least three (3) Business Days prior to the Effective Date (or as otherwise reasonably agreed by the Borrower), and (ii) to each Incremental Term Lender, the closing fee set forth in Section 2.10(d) of the Amended and Restated Credit Agreement; and

(vi) the Borrower shall have provided to the Successor Administrative Agent at least two (2) days prior to the Effective Date (or such shorter period as the Successor Administrative Agent may agree in its sole discretion), all documentation and other information about the Borrower and the Guarantors required under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act, that has been requested by the Successor Administrative Agent at least five (5) Business Days prior to the Effective Date.

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The Successor Administrative Agent shall notify the Borrower and the Incremental Term Lenders of the Effective Date and such notice shall be conclusive and binding.

(b) The obligations of the Incremental Term Lenders to make the Delayed Draw Incremental Term Loans shall be subject to the satisfaction or waiver of the following conditions precedent (the date on which such conditions precedent are so satisfied or waived, the “**Delayed Draw Funding Date**”):

(i) the Effective Date shall have occurred;

(ii) the Successor Administrative Agent shall have received a Committed Loan Notice in accordance with Section 2.02(a) of the Amended and Restated Credit Agreement with respect to the borrowing of the Delayed Draw Incremental Term Loans in a single draw;

(iii) no Default or Event of Default shall exist or would exist after giving effect to the making of the Delayed Draw Incremental Term Loans and the application of the proceeds therefrom;

(iv) the representations and warranties of each Loan Party set forth in Article V of the Amended and Restated Credit Agreement and in each other Loan Document shall be true and correct in all material respects on and as of the Delayed Draw Funding Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; provided that any representation and warranty that is qualified as to “materiality”, “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates;

(v) a certificate of a Responsible Officer of the Borrower certifying as to the matters specified in clause (b)(iii) and (b)(iv) above;

(vi) the Borrower shall have provided to the Successor Administrative Agent at least two (2) days prior to the Delayed Draw Funding Date (or such shorter period as the Successor Administrative Agent may agree in its sole discretion), all documentation and other information about the Borrower and the Guarantors (including, for the avoidance of doubt, any entities have become Guarantors after the Effective Date or will become a Guarantor after giving effect to the borrowings on the Delayed Draw Funding Date and the use of proceeds thereof) required under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act, that has been requested by the Successor Administrative Agent at least five (5) Business Days prior to the Delayed Draw Funding Date; and

(vii) the Administrative Agent shall have received payment of all accrued and unpaid Delayed Draw Commitment Fees (as defined in the Amended and Restated Credit Agreement), if any.

#### **SECTION 5. *Representations and Warranties***

On and as of the Effective Date, the Borrower hereby represents and warrants that (a) this Agreement has been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, subject to Debtor Relief Laws and general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing, and the Amended and Restated Credit Agreement constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, subject to Debtor Relief Laws and general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing, (b) after giving effect to the incurrence of the Incremental Term Loans and the application of proceeds therefrom on the Effective Date (and assuming for this purpose that the Delayed Draw Incremental Term Loans are funded on the Effective Date), the aggregate amount of the Incremental Term Loans shall not exceed the Available Incremental Amount (as provided in Section 2.16(d)(iv) of the Existing Credit Agreement) and (c) no Default or Event of Default shall exist or would exist after giving effect to this Agreement, including from the making of the Incremental

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Term Loans and the application of the proceeds therefrom. For the avoidance of doubt, the Borrower shall not be required to comply with the requirement of Section 2.16(d)(iv)(B) of the Amended and Restated Credit Agreement in connection with the funding of the Delayed Draw Incremental Term Loans.

#### **SECTION 6. *Fees and Expenses***

The Borrower shall pay (a) in accordance with the terms of Section 10.04 of the Existing Credit Agreement all costs and expenses of the Administrative Agents in connection with the preparation, negotiation, syndication, execution and delivery of this Agreement (including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agents with respect thereto) and (b) any other fees separately agreed between the Borrower and any of the Arrangers.

#### **SECTION 7. *Reallocation and Reference to the Effect on the Loan Documents***

(a) As of the Effective Date, (i) each reference in the Amended and Restated Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein,” or words of like import, and each reference in the other Loan Documents to the Credit Agreement (including, without limitation, by means of words like “thereunder,” “thereof” and words of like import), shall mean and be a reference to the Amended and Restated Credit Agreement and (ii) each Person executing this Agreement in its capacity as an Incremental Term Lender shall become a “Lender”, a “Term Lender” and a “Term B Lender” under the Amended and Restated Credit Agreement for all purposes of the Amended and Restated Credit Agreement and the other Loan Documents and shall be bound by the provisions of the Amended and Restated Credit Agreement as a Lender holding Term B Loans.

(b) From and after the Effective Date, unless the context shall otherwise require, all references in any Loan Document to GS Bank as Administrative Agent or Collateral Agent shall be deemed to refer to JPMCB as Administrative Agent or Collateral Agent, as applicable.

(c) The Borrower hereby reaffirms all its liens and other obligations granted or incurred pursuant to the Loan Documents, all of which liens and obligations shall remain in full force and effect (as amended and otherwise expressly modified by this Agreement).

(d) Except as expressly amended hereby or specifically waived above, all of the terms and provisions of the Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed.

(e) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders or the Administrative Agents under any of the Loan Documents, nor constitute a waiver or amendment of any other provision of any of the Loan Documents or for any purpose except as expressly set forth herein.

(f) This Agreement is a Loan Document.

#### **SECTION 8. *Execution in Counterparts***

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed counterpart by telecopy, .pdf or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

#### **SECTION 9. *FATCA Treatment***

For purposes of determining withholding Taxes imposed under FATCA, from and after the Effective Date, the Borrower and the Successor Administrative Agent shall treat (and the Incremental Term Lenders hereby authorize the Successor Administrative Agent to treat) the Incremental Term Loans as not qualifying as a

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"grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

**SECTION 10. *Governing Law***

This Agreement shall be governed by and construed in accordance with the law of the State of New York.

**SECTION 11. *Section Titles***

The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto, except when used to reference a section. Any reference to the number of a clause, sub-clause or subsection of any Loan Document immediately followed by a reference in parenthesis to the title of the section of such Loan Document containing such clause, sub-clause or subsection is a reference to such clause, sub-clause or subsection and not to the entire section; provided, however, that, in case of direct conflict between the reference to the title and the reference to the number of such section, the reference to the title shall govern absent manifest error.

**SECTION 12. *Notices***

All communications and notices hereunder shall be given as provided in the Amended and Restated Credit Agreement.

**SECTION 13. *Severability***

In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

**SECTION 14. *Successors***

The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns permitted by the Existing Credit Agreement.

**SECTION 15. *Waiver of Jury Trial***

EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AMENDMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AMENDMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 15 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

[SIGNATURE PAGES FOLLOW]

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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective officers, as of the date first written above.

Signature Pages on file with the Administrative Agent.

[Signature Page to Incremental and Amendment and Restatement Agreement]

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**Exhibit A**

Form of Amended and Restated Credit Agreement

Please see Exhibit No. 10.3 (2) to the Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC.

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**Exhibit B**

## REAFFIRMATION AGREEMENT

Each of the undersigned hereby acknowledges the terms of the Incremental and Amendment and Restatement Agreement, dated as of the date hereof (the “**Agreement**”), which amends and restates the Credit Agreement, dated as of January 30, 2013 (as amended by the Amendment No. 1 to Credit Agreement, dated as of November 19, 2014, the Incremental Joinder to Credit Agreement, dated as of December 9, 2014, and the Extension and Incremental Amendment, dated as of January 26, 2016 the “**Existing Credit Agreement**” and as amended and restated by the Agreement, the “**Amended and Restated Credit Agreement**”; capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Existing Credit Agreement), by and among the Borrower, BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation (“**Holdings**”), GOLDMAN SACHS BANK USA, as Administrative Agent, Swing Line Lender and L/C Issuer, the Lenders and the other parties party thereto from time to time) and consents to the terms of the Agreement, including the transactions contemplated thereby, and the Amended and Restated Credit Agreement and the transactions contemplated thereby. Each of the undersigned hereby further (a) affirms and confirms its respective guarantees, obligations, liabilities and liens granted or incurred by it under the Loan Documents and (b) agrees that, notwithstanding the effectiveness of the Agreement and the transactions contemplated thereby, each such guarantees, obligations, liabilities and liens shall continue to be in full force and effect in accordance with the terms thereof.

This acknowledgment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed counterpart by telecopy, .pdf or other electronic transmission shall be effective as delivery of a manually executed counterpart of this consent. Notices to parties hereto shall be given as provided in the Amended and Restated Credit Agreement.

The terms of the Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

This acknowledgment shall be governed by and construed in accordance with the law of the State of New York.

This acknowledgment is a Loan Document.

Dated as of November 7, 2016.

[SIGNATURE PAGES FOLLOW]

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Acknowledged and agreed as of the date of the Agreement:

BRIGHT HORIZONS FAMILY SOLUTIONS LLC  
BRIGHT HORIZONS CAPITAL CORP.  
BRIGHT HORIZONS LLC  
BRIGHT HORIZONS CHILDREN'S CENTERS LLC  
CORPORATE FAMILY SOLUTIONS LLC  
RESOURCES IN ACTIVE LEARNING  
HILDEBRANDT  
LEARNING CENTERS, LLC

By: \_\_\_\_\_

Name:

Title:

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**Schedule 1**

**Commitments**

On file with the Administrative Agent.

**Exhibit A**

CREDIT AGREEMENT

Dated as of January 30, 2013,  
as amended and restated as of November 7, 2016

among

BRIGHT HORIZONS FAMILY SOLUTIONS LLC,  
as Borrower,

BRIGHT HORIZONS CAPITAL CORP.,  
as Holdings,

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent,  
L/C Issuer, Joint Lead Arranger and Joint Bookrunner,

THE OTHER LENDERS PARTY HERETO,

BARCLAYS BANK PLC AND  
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,  
as Joint Lead Arrangers, Joint Bookrunners and Co-Syndication Agents,

and

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,  
GOLDMAN SACHS BANK USA,  
HSBC BANK USA, NATIONAL ASSOCIATION,  
ING CAPITAL LLC,  
MIZUHO BANK, LTD. AND  
ROYAL BANK OF CANADA,  
as Co-Documentation Agents

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P	Solicited Discounted Prepayment Offer

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- Q Specified Discount Prepayment Response
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-

**CREDIT AGREEMENT**

CREDIT AGREEMENT, dated as of January 30, 2013, and as amended and restated as of November 7, 2016 by the Incremental and Amendment and Restatement Agreement (as defined below) (this “**Agreement**”), among BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the “**Borrower**”), BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation, JPMORGAN CHASE BANK, N.A., as Administrative Agent and L/C Issuer and each lender from time to time party hereto (collectively, the “**Lenders**” and individually, a “**Lender**”).

**PRELIMINARY STATEMENTS**

The Borrower, Bright Horizons Capital Corp., the Lenders, GOLDMAN SACHS BANK USA, as Administrative Agent, Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, entered into the Credit Agreement dated as of January 30, 2013 (as amended by Amendment No. 1 dated as of November 19, 2014, as supplemented by the Incremental Joinder dated as of December 9, 2014, as amended by the Extension and Incremental Amendment dated as of January 26, 2016, and as further amended, restated, supplemented or otherwise modified prior to the date hereof, the “**Existing Credit Agreement**”).

The Borrower, Bright Horizons Capital Corp., the Lenders, Goldman Sachs Bank USA, as existing Administrative Agent, L/C Issuer and Swing Line Lender, and JPMorgan Chase Bank, N.A., as successor Administrative Agent and L/C Issuer, have entered into the Incremental and Amendment and Restatement Agreement, dated as of November 7, 2016 (the “**Incremental and Amendment and Restatement Agreement**”), pursuant to which (i) the Effective Date Term B Lenders (as defined below) agreed to make Effective Date Term B Loans (as defined below) in an aggregate principal amount of \$925,000,000 on the Amendment and Restatement Effective Date (as defined below), (ii) the Delayed Draw Term B Lenders (as defined below) agreed to make Delayed Draw Term B Loans (as defined below) in an aggregate principal amount of up to \$200,000,000 on the Delayed Draw Funding Date (as defined below), (iii) the Borrower agreed to use the proceeds of such Effective Date Term B Loans to, among other things, prepay in full the outstanding principal amount of the Existing Term Loans (as defined in the Incremental and Amendment and Restatement Agreement), together with any accrued but unpaid interest and fees thereon and (iv) the parties thereto have agreed, subject to the terms and conditions thereof, to amend and restate the Existing Credit Agreement to be in the form hereof.

As of the Amendment and Restatement Effective Date, the Existing Credit Agreement will be amended and restated in the form of this Agreement in accordance with the Incremental and Amendment and Restatement Agreement.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

**Definitions and Accounting Terms**

Section 1.01. **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

“**2008 Credit Agreement**” means that certain Credit and Guaranty Agreement, dated as of May 28, 2008 (as amended by Amendment No. 1 to Credit and Guaranty Agreement, dated as of July 14, 2011, among the Borrower, Holdings,

General Electric Capital Corporation, as administrative agent, and the lenders and the Subsidiary Guarantors listed on the signature pages thereto, Amendment No. 2 to Credit and Guaranty Agreement, dated as of May 23, 2012, among the Borrower, Holdings, General Electric Capital Corporation, as administrative agent, and the lenders and the Subsidiary Guarantors listed on the signature pages thereto and the Joinder Agreement, dated as of May 23, 2012, among the Borrower, Holdings, General Electric Capital Corporation, as administrative agent, and the lenders and the Subsidiary Guarantors listed on the signature pages thereto) among the Borrower, Holdings, General Electric Capital Corporation, as administrative agent, Goldman Sachs Credit Partners L.P., as syndication agent and as a lender, and the other lenders and subsidiary guarantors party thereto.

**“Acceptable Discount”** has the meaning specified in Section 2.06(a)(iv)(D)(2).

**“Acceptable Prepayment Amount”** has the meaning specified in Section 2.06(a)(iv)(D)(3).

**“Acceptance and Prepayment Notice”** means a notice of the Borrower’s acceptance of the Acceptable Discount in substantially the form of Exhibit N.

**“Acceptance Date”** has the meaning specified in Section 2.06(a)(iv)(D)(2).

**“Act”** has the meaning specified in Section 10.20.

**“Additional Lender”** has the meaning specified in Section 2.16(c).

**“Additional Refinancing Lender”** means, at any time, any bank, financial institution or other institutional lender or investor that, in any case, is not an existing Lender and that agrees to provide any portion of Credit Agreement Refinancing Indebtedness pursuant to a Refinancing Amendment in accordance with Section 2.17, provided that each Additional Refinancing Lender shall be subject to the approval of the Administrative Agent, such approval not to be unreasonably withheld or delayed, solely to the extent that any such consent would be required from the Administrative Agent under Section 10.07(b)(i)(B) for an assignment of Loans to such Additional Refinancing Lender and, in the case of Other Revolving Credit Commitments with respect to the Revolving Credit Facility, the Swing Line Lender (if any) and each L/C Issuer, solely to the extent such consent would be required for any assignment to such Lender.

**“Administrative Agent”** means JPMorgan Chase Bank, N.A., in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent. Unless the context otherwise requires, the term “Administrative Agent” as used herein and in the other Loan Documents shall include the Collateral Agent.

**“Administrative Agent’s Office”** means the Administrative Agent’s address and account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

**“Administrative Questionnaire”** means an Administrative Questionnaire in a form supplied by the Administrative Agent.

**“Affiliate”** means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. **“Control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

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**“Affiliated Lender”** means, at any time, any Lender that is the Sponsor, but in any event excluding (1) Holdings, the Borrower or any of their respective Subsidiaries and (2) any Bona Fide Debt Fund; provided, that, the Sponsor shall not be considered an Affiliated Lender at any time that the Sponsor beneficially owns in the aggregate, directly or indirectly, Equity Interests representing less than 10% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Holdings.

**“Affiliated Lender Assignment and Assumption Agreement”** means an Affiliated Lender Assignment and Assumption Agreement substantially in the form of Exhibit E-2 hereto.

**“Affiliated Lender Cap”** has the meaning specified in Section 10.07(k)(iii).

**“Agent-Related Distress Event”** means, with respect to the Administrative Agent or any Person that directly or indirectly Controls the Administrative Agent (each, a **“Distressed Agent-Related Person”**), a voluntary or involuntary case with respect to such Distressed Agent-Related Person under any Debtor Relief Law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Agent-Related Person or any substantial part of such Distressed Agent-Related Person’s assets, or such Distressed Agent-Related Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Agent-Related Person to be, insolvent or bankrupt; provided that an Agent-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any Equity Interests in the Administrative Agent or any Person that directly or indirectly Controls the Administrative Agent by a Governmental Authority or an instrumentality thereof.

**“Agent-Related Persons”** means each Agent, together with its respective Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Person and its Affiliates.

**“Agents”** means, collectively, the Administrative Agent, the Collateral Agent, the Syndication Agent and the Supplemental Administrative Agents (if any).

**“Aggregate Commitments”** means the Commitments of all the Lenders.

**“Agreement”** has the meaning specified in the introductory paragraph hereof.

**“All-In Yield”** means, as to any Indebtedness, the yield thereof, whether in the form of interest rate, margin, original issue discount, upfront fees, a Eurocurrency Rate or Base Rate floor or otherwise, in each case, incurred or payable by the Borrower ratably to all lenders of such Indebtedness; provided that original issue discount and upfront fees shall be equated to interest rate assuming a 4-year life to maturity (or, if less, the stated life to maturity at the time of incurrence of the applicable Indebtedness); and provided, further, that “All-In Yield” shall not include arrangement, structuring, commitment, ticking, amendment, consent, underwriting, advisory or other similar fees (regardless of how such fees are computed and whether shared or paid, in whole or in part, with or to any or all lenders) or other fees not paid ratably to all lenders of such Indebtedness.

**“Amendment and Restatement Effective Date”** means the date on which each of the conditions specified in Section 4(a) of the Incremental and Amendment and Restatement Agreement occur or have been waived, which date is November 7, 2016.

**“Applicable Discount”** has the meaning specified in Section 2.06(a)(iv)(C)(2).

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**“Applicable Rate”** means a percentage per annum equal to:

(a) with respect to Term B Loans, (i) until delivery of financial statements for the first full fiscal quarter of the Borrower ending after the Amendment and Restatement Effective Date (A) for Eurocurrency Rate Loans, 2.75% and (B) for Base Rate Loans, 1.75%, and (ii) thereafter, the following percentages per annum based upon the Consolidated First Lien Net Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(a):

Pricing Level	Consolidated First Lien Net Leverage Ratio	Eurocurrency Rate for Term Loans	Base Rate for Term B Loans
1	Greater than 2.50:1.00	2.75%	1.75%
2	Equal to or less than 2.50:1.00	2.50%	1.50%

(b) with respect to unused Revolving Credit Commitments and the commitment fee therefor, (i) until delivery of financial statements for the first full fiscal quarter of the Borrower ending after the Closing Date, 0.50%, and (ii) thereafter, the percentages per annum set forth in the table below, based upon the Consolidated First Lien Net Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(a):

Pricing Level	Consolidated First Lien Net Leverage Ratio	Commitment Fee for unused Revolving Credit Commitments
1	Greater than 3.50:1.00	0.50%
2	Equal to or less than 3.50:1.00	0.375%

(c) with respect to Revolving Credit Loans and Letter of Credit fees (i) prior to delivery of financial statements for the first full fiscal quarter of the Borrower ending after the Extension and Incremental Amendment Effective Date, (A) for Eurocurrency Rate Loans, 2.75%, (B) for Base Rate Loans, 1.75% and (C) for Letter of Credit fees, 2.75% and (ii) thereafter, the following percentages per annum set forth in the table below, based upon the Consolidated First Lien Net Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(a):

Pricing Level	Consolidated First Lien Net Leverage Ratio	Eurocurrency Rate for Revolving Credit Loans and Letter of Credit fees	Base Rate for Revolving Credit Loans
1	Greater than 3.00:1.00	2.75%	1.75%
2	Greater than 2.00:1.00 but less than or equal to 3.00:1.00	2.50%	1.50%
3	Equal to or less than 2.00:1.00	2.25%	1.25%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated First Lien Net Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(a); provided that at the option of the Administrative Agent or the Required Lenders, the highest Pricing Level shall

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apply (x) as of the first Business Day after the date on which a Compliance Certificate was required to have been delivered but was not delivered, and shall continue to so apply to and including the date on which such Compliance Certificate is so delivered (and thereafter the Pricing Level otherwise determined in accordance with this definition shall apply) and (y) as of the first Business Day after an Event of Default under Section 8.01(a) shall have occurred and be continuing, and shall continue to so apply to but excluding the date on which such Event of Default is cured or waived (and thereafter the Pricing Level otherwise determined in accordance with this definition shall apply).

**“Appropriate Lender”** means, at any time, (a) with respect to Loans of any Class, the Lenders of such Class, (b) with respect to Letters of Credit, (i) the relevant L/C Issuers and (ii) the relevant Revolving Credit Lenders and (c) with respect to the Swing Line Facility, (i) the Swing Line Lender and (ii) the Revolving Credit Lenders.

**“Approved Bank”** has the meaning specified in clause (c) of the definition of “Cash Equivalents”.

**“Approved Fund”** means any Fund that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

**“Arrangers”** means each Joint Lead Arranger in its capacity as a Joint Lead Arranger under this Agreement and each Joint Bookrunner in its capacity as a Joint Bookrunner under this Agreement.

**“Assignees”** has the meaning specified in Section 10.07(b).

**“Assignment and Assumption Agreement”** means an Assignment and Assumption Agreement substantially in the form of Exhibit E-1.

**“Attorney Costs”** means all reasonable and documented fees, expenses and disbursements of any law firm or other external legal counsel.

**“Attributable Indebtedness”** means, on any date, in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP.

**“Auction Agent”** means (a) the Administrative Agent or (b) any other financial institution or advisor employed by the Borrower (whether or not an Affiliate of the Administrative Agent) to act as an arranger in connection with any Discounted Term Loan Prepayment pursuant to Section 2.06(a)(iv); provided that the Borrower shall not designate the Administrative Agent as the Auction Agent without the written consent of the Administrative Agent (it being understood that the Administrative Agent shall be under no obligation to agree to act as the Auction Agent); provided, further, that neither the Borrower nor any of its Affiliates may act as the Auction Agent.

**“Audited Financial Statements”** means the audited consolidated balance sheets of the Borrower and its Subsidiaries as of each of December 31, 2015, 2014 and 2013, and the related audited consolidated statements of income, stockholders’ equity and cash flows for the Borrower and its Subsidiaries for the fiscal years ended December 31, 2015, 2014 and 2013, respectively, as any of the foregoing may have been restated prior to the date hereof.

**“Auto-Renewal Letter of Credit”** has the meaning specified in Section 2.03(b)(iii).

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**“Available Incremental Amount”** has the meaning specified in Section 2.16(d)(iv).

**“Bail-In Action”** means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

**“Bail-In Legislation”** means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

**“Base Rate”** means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its “prime rate” and (c) the Eurocurrency Rate for a Eurocurrency Rate Loan denominated in Dollars with a one-month Interest Period commencing on such day (or, if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%; provided that the Base Rate with respect to a Term B Loan that bears interest based on the Base Rate will be deemed not to be less than 1.75% per annum. The “prime rate” is a rate set by the Administrative Agent based upon various factors including the Administrative Agent’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the Base Rate due to a change in the “prime rate”, the Federal Funds Rate or the Eurocurrency Rate shall be effective as of the opening of business on the day of such change in the “prime rate”, the Federal Funds Rate or the Eurocurrency Rate, respectively.

**“Base Rate Loan”** means a Loan that bears interest based on the Base Rate.

**“Bona Fide Debt Fund”** means any bona fide debt fund or an investment vehicle that is engaged in the making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of business and with respect to which the Sponsor and investment vehicles managed or advised by the Sponsor that are not engaged primarily in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course do not make investment decisions for such entity; provided, however, in no event shall (x) any natural person or (y) Holdings, the Borrower or any Subsidiary thereof be a Bona Fide Debt Fund.

**“Borrower”** has the meaning specified in the introductory paragraph of this Agreement.

**“Borrower Offer of Specified Discount Prepayment”** means the offer by any Company Party to make a voluntary prepayment of Term Loans at a Specified Discount to par pursuant to Section 2.06(a)(iv)(B).

**“Borrower Retained Prepayment Amounts”** has the meaning specified in Section 2.06(b)(ix).

**“Borrower Solicitation of Discounted Prepayment Offers”** means the solicitation by any Company Party of offers for, and the subsequent acceptance, if any, by a Lender of, a voluntary prepayment of Term Loans at a discount to par pursuant to Section 2.06(a)(iv)(D).

**“Borrower Solicitation of Discount Range Prepayment Offers”** means the solicitation by any Company Party of offers for, and the corresponding acceptance by a Lender of, a voluntary prepayment of Term Loans at a specified range of discounts to par pursuant to Section 2.06(a)(iv)(C).

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**“Borrowing”** means a Revolving Credit Borrowing, a Swing Line Borrowing or a Term Borrowing, as the context may require.

**“Business Day”** means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and if such day relates to any interest rate settings as to a Eurocurrency Rate Loan, any fundings, disbursements, settlements and payments in respect of any such Eurocurrency Rate Loan, or any other dealings to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Loan, means any such day on which dealings in deposits in Dollars are conducted by and between banks in the relevant interbank eurodollar market.

**“Capital Expenditures”** means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by the Borrower and the Restricted Subsidiaries during such period that, in conformity with GAAP, are or are required to be included as capital expenditures on the consolidated statement of cash flow of the Borrower and the Restricted Subsidiaries.

**“Capitalized Lease Obligation”** means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP.

**“Capitalized Leases”** means all leases that have been or should be, in accordance with GAAP (except for temporary treatment of construction-related expenditures under EITF 97-10 “The Effects of Lessee Involvement in Asset Construction” which will ultimately be treated as operating leases upon a sale-leaseback transaction), recorded on the balance sheet as capitalized leases; provided that (a) for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP and (b) all leases that are or would be characterized as operating leases in accordance with GAAP on the Amendment and Restatement Effective Date (whether or not such operating leases were in effect on such date) shall continue to be accounted for as operating leases (and not as Capitalized Leases) for purposes of this Agreement regardless of any change in GAAP following the Amendment and Restatement Effective Date that would otherwise require such obligations to be recharacterized (on a prospective or retroactive basis or otherwise) as Capitalized Leases.

**“Cash Collateral”** has the meaning specified in Section 2.03(g).

**“Cash Collateral Account”** means a deposit account at the Administrative Agent (or another commercial bank selected in compliance with Section 9.09) in the name of the Administrative Agent and under the sole dominion and control of the Administrative Agent, and otherwise established in a manner reasonably satisfactory to the Administrative Agent.

**“Cash Collateralize”** has the meaning specified in Section 2.03(g).

**“Cash Equivalents”** means any of the following types of Investments, to the extent owned by the Borrower or any Restricted Subsidiary:

- (a) Dollars, pounds sterling, Euros, yen and Canadian dollars and, in the case of any Foreign Subsidiary, such local currencies held by it from time to time in the ordinary course of business;
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(b) readily marketable obligations issued or directly and fully guaranteed or insured by the government or any agency or instrumentality of the United States, having average maturities of not more than 24 months from the date of acquisition thereof; provided that the full faith and credit of the United States is pledged in support thereof;

(c) time deposits with, or insured certificates of deposit or bankers' acceptances of, any commercial bank that (i) is a Lender or (ii) (A) is organized under the Laws of the United States, any state thereof, the District of Columbia or any member nation of the Organization for Economic Cooperation and Development or is the principal banking Subsidiary of a bank holding company organized under the Laws of the United States, any state thereof, the District of Columbia or any member nation of the Organization for Economic Cooperation and Development, and is a member of the Federal Reserve System, and (B) has combined capital and surplus of at least \$250,000,000 (any such bank in the foregoing clauses (i) or (ii) being an **"Approved Bank"** in each case with average maturities of not more than 12 months from the date of acquisition thereof;

(d) commercial paper and variable or fixed rate notes issued by an Approved Bank (or by the parent company thereof) or any variable or fixed rate note issued by, or guaranteed by, a corporation rated A-2 (or the equivalent thereof) or better by S&P or P-2 (or the equivalent thereof) or better by Moody's, in each case with average maturities of not more than 24 months from the date of acquisition thereof;

(e) repurchase agreements entered into by any Person with a bank or trust company (including any of the Lenders) or recognized securities dealer, in each case, having capital and surplus in excess of \$250,000,000 for direct obligations issued by or fully guaranteed or insured by the government or any agency or instrumentality of the United States, in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations;

(f) securities with average maturities of 24 months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision, taxing authority agency or instrumentality of any such state, commonwealth or territory or by any foreign government having an investment grade rating from either S&P or Moody's (or the equivalent thereof);

(g) Investments with average maturities of 12 months or less from the date of acquisition in money market funds rated AAA- (or the equivalent thereof) or better by S&P or Aaa3 (or the equivalent thereof) or better by Moody's;

(h) Indebtedness or preferred stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's with maturities of 24 months or less from the date of acquisition, in each case in Dollars or another currency permitted above in this definition;

(i) in the case of Foreign Subsidiaries only, instruments equivalent to those referred to in clauses (a) through (h) above or clause (j) below in each case denominated in any foreign currency comparable in credit quality and tenor to those referred to in such clauses above and customarily used by corporations for cash management purposes

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in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Foreign Subsidiary organized in such jurisdiction; or

(j) Investments, classified in accordance with GAAP as current assets of the Borrower or any Restricted Subsidiary, in money market investment programs which are registered under the Investment Company Act of 1940 or which are administered by financial institutions having capital of at least \$250,000,000, 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 (a) through (g) of this definition.

**“Cash Management Bank”** means any Person that is an Agent, Arranger, Lender or any Affiliate of such Agent, Arranger or Lender at any time that such Person initially provides any Cash Management Services to Holdings, the Borrower or any Restricted Subsidiary, whether or not such Person subsequently ceases to be an Agent, Arranger, Lender or Affiliate of such Agent, Arranger or Lender.

**“Cash Management Obligations”** means obligations owed by Holdings, the Borrower or any Restricted Subsidiary to any Cash Management Bank in respect of any Cash Management Services.

**“Cash Management Services”** means any agreement or arrangement to provide cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer and other cash management arrangements.

**“Casualty Event”** means any event that gives rise to the receipt by the Borrower or any Restricted Subsidiary of any insurance proceeds or condemnation awards in respect of any equipment, fixed assets or real property (including any improvements thereon) to replace or repair such equipment, fixed assets or real property.

**“CERCLA”** means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

**“CERCLIS”** means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency.

**“CFC”** means a “controlled foreign corporation” within the meaning of Section 957(a) of the Code.

**“Change in Law”** means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty (excluding the taking effect after the date of this Agreement of a law, rule, regulation or treaty adopted prior to the date of this Agreement), (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority. It is understood and agreed that (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173), all Laws relating thereto, all interpretations and applications thereof and any compliance by a Lender with any request or directive relating thereto and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall, in each case, for the purposes of this Agreement, be deemed to be adopted and taking effect

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subsequent to the date of this Agreement, *provided* that it is the applicable Lender's general policy or practice to demand compensation in similar circumstances under comparable provisions of other financing agreements.

**"Change of Control"** means the earliest to occur of:

(a) (1) any Person (other than a Permitted Holder) or (2) Persons (other than one or more Permitted Holders) constituting a "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such Person and its Subsidiaries, and any Person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), becomes the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 of the Exchange Act), directly or indirectly, of Equity Interests representing more than forty percent (40%) of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Holdings and the percentage of aggregate ordinary voting power so held is greater than the percentage of the aggregate ordinary voting power represented by the Equity Interests of Holdings beneficially owned, directly or indirectly, in the aggregate by the Permitted Holders, unless the Permitted Holders have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the board of directors of Holdings;

(b) any "Change of Control" (or any comparable term) in any document pertaining to (i) any Permitted Pari Passu Secured Refinancing Debt, any Permitted Junior Secured Refinancing Debt, any Permitted Unsecured Refinancing Debt, any Incremental Equivalent Debt, any unsecured Indebtedness, any Indebtedness that is secured on a junior basis to the Obligations and any Junior Financing, in each case with an aggregate outstanding principal amount in excess of the Threshold Amount or (ii) any Disqualified Equity Interests with an aggregate liquidation preference in excess of the Threshold Amount; or

(c) the Borrower ceases to be a direct wholly owned Subsidiary of Holdings.

**"Class"** (a) when used with respect to Lenders, refers to whether such Lenders have Loans or Commitments with respect to a particular Class of Loans or Commitments, (b) when used with respect to Commitments, refers to whether such Commitments are Term B Commitments, Incremental Term Commitments of a given Incremental Series, Commitments in respect of a Class of Loans to be made pursuant to a given Extension Series, Other Term Loan Commitments of a given Refinancing Series, Revolving Credit Commitments, Incremental Revolving Credit Commitments of a given Incremental Series or Other Revolving Credit Commitments, in each case not designated part of another existing Class and (c) when used with respect to Loans or a Borrowing, refers to whether such Loans, or the Loans comprising such Borrowing, are Term B Loans, Incremental Term Loans made pursuant to a given Incremental Series, Extended Term Loans, Other Term Loans made pursuant to a given Refinancing Series, Revolving Credit Loans, Incremental Revolving Loans of a given Incremental Series, Extended Revolving Credit Loans or Other Revolving Credit Loans in each case not designated part of another existing Class. Commitments (and, in each case, the Loans made pursuant to such Commitments) that have different terms and conditions shall be construed to be in different Classes. Commitments (and, in each case, the Loans made pursuant to such Commitments) that have the same terms and conditions shall be construed to be in the same Class.

**"Closing Date"** means January 30, 2013.

**"Code"** means the U.S. Internal Revenue Code of 1986, as amended, and rules and regulations related thereto.

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**“Collateral”** means all the “Collateral” as defined in any Collateral Document and shall include the Mortgaged Properties.

**“Collateral Agent”** means the Administrative Agent, in its capacity as collateral agent under any of the Loan Documents, or any successor collateral agent.

**“Collateral and Guarantee Requirement”** means, at any time, the requirement that:

(a) the Administrative Agent shall have received each Collateral Document required to be delivered on the Closing Date pursuant to the Existing Credit Agreement or pursuant to Section 6.11 or Section 6.13 at such time as is designated therein, duly executed by each Loan Party thereto;

(b) all Obligations shall have been unconditionally guaranteed by Holdings and each Restricted Subsidiary that is a Domestic Subsidiary and not an Excluded Subsidiary;

(c) the Obligations and the Guarantees shall have been secured by a first-priority perfected security interest (subject to Liens permitted by Section 7.01) in (i) all the Equity Interests of the Borrower, (ii) all Equity Interests of each Restricted Subsidiary that is a Domestic Subsidiary (other than a Domestic Subsidiary described in the following clause (iii)(B)) directly owned by the Borrower or any Guarantor and (iii) 65% of the issued and outstanding Equity Interests of (A) each Restricted Subsidiary that is a Foreign Subsidiary and a CFC and is directly owned by the Borrower or any Guarantor and (B) each Restricted Subsidiary that is a Domestic Subsidiary that is a FSHCO and is directly owned by the Borrower or any Guarantor;

(d) except to the extent otherwise permitted hereunder or under any Collateral Document, the Obligations and the Guarantees shall have been secured by a security interest in, and mortgages on, substantially all tangible and intangible assets of Holdings, the Borrower and each other Guarantor (including accounts receivable, inventory, equipment, investment property, contract rights, intellectual property, other general intangibles, owned Material Real Property and proceeds of the foregoing), in each case, with the priority required by the Collateral Documents;

(e) none of the Collateral shall be subject to any Liens other than Liens permitted by Section 7.01; and

(f) the Collateral Agent shall have received (i) counterparts of a Mortgage with respect to any Material Real Property required to be delivered pursuant to Section 6.11 (the **“Mortgaged Properties”**) duly executed and delivered by the record owner of such property, (ii) a policy or policies of title insurance issued by a nationally recognized title insurance company insuring the Lien of each such Mortgage as a valid Lien on the property described therein, free of any other Liens except as expressly permitted by Section 7.01 together with such endorsements, coinsurance and reinsurance as the Administrative Agent may reasonably request, (iii) such existing surveys, existing abstracts, existing appraisals and other documents as the Administrative Agent may reasonably request with respect to any such Mortgaged Property, provided that nothing in this clause (iii) shall require the Borrower to update existing surveys or order new surveys with respect to any Mortgaged Property and (iv) flood certificates covering each Mortgaged Property in form and substance reasonably acceptable to the Collateral Agent, certified to the Collateral Agent in its capacity as such and certifying whether or not each such Mortgaged Property is located in a flood hazard zone by reference to the

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applicable FEMA map and evidence of flood insurance for any Mortgaged Property located in a flood hazard zone from a company and in an amount reasonably satisfactory to the Collateral Agent.

The foregoing definition shall not require, and the Loan Documents shall not contain any requirements as to, the creation or perfection of pledges of or security interests in, Mortgages on, or the obtaining of title insurance, surveys, abstracts or appraisals or taking other actions with respect to, any Excluded Assets or Excluded Equity Interests. The Collateral Agent may grant extensions of time for the perfection of security interests in or the delivery of the Mortgages and the obtaining of title insurance, surveys, abstracts and appraisals with respect to particular assets and the delivery of assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Loan Parties on such date) where it reasonably determines, in consultation with the Borrower, that perfection cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the Collateral Documents.

Notwithstanding anything to the contrary, there shall be no requirement for (and no Default or Event of Default under the Loan Documents shall arise out of the lack of) (A) actions required by the Laws of any non-U.S. jurisdiction in order to create any security interests in any assets or to perfect such security interests (including any intellectual property registered in any non-U.S. jurisdiction) (it being understood that there shall be no security agreements or pledge agreements governed under the Laws of any non-U.S. jurisdiction) and (B) perfecting security interests by entering into agreements with third parties (including control or similar agreements) in respect of cash and Cash Equivalents, deposit or securities accounts (other than the Cash Collateral Account) or uncertificated securities of Persons other than wholly-owned Restricted Subsidiaries directly owned by the Borrower or any Guarantor.

In addition, the Borrower may cause any Restricted Subsidiary that is not otherwise required to be a Guarantor to Guarantee the Obligations and otherwise satisfy the Collateral and Guarantee Requirement, in which case such Restricted Subsidiary shall be treated as a Guarantor under this Agreement and every other Loan Document for all purposes.

**“Collateral Documents”** means, collectively, the Security Agreement, the Mortgages, each of the mortgages, Security Agreement Supplements, security agreements, pledge agreements or other similar agreements delivered to the Collateral Agent pursuant to Section 6.11 or Section 6.13, the Guaranty and each of the other agreements, instruments or documents that creates or purports to create or affirm a Lien or Guarantee in favor of the Collateral Agent or the Administrative Agent for the benefit of the Secured Parties.

**“Commitment”** means a Term Commitment, Term B Commitment, an Incremental Term Commitment of a given Incremental Series, an Extended Term Loan Commitment of a given Extension Series, an Other Term Loan Commitment, a Revolving Credit Commitment, an Incremental Revolving Credit Commitment of a given Incremental Series, an Extended Revolving Credit Commitment of a given Extension Series or Other Revolving Credit Commitment, as the context may require.

**“Committed Loan Notice”** means a notice of (a) a Term Borrowing, (b) a Revolving Credit Borrowing, (c) a conversion of Loans from one Type to the other, or (d) a continuation of Eurocurrency Rate Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

**“Company Parties”** means the collective reference to Holdings and its Subsidiaries, including the Borrower, and “Company Party” means any one of them.

**“Compensation Period”** has the meaning specified in Section 2.13(c)(ii).

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**“Compliance Certificate”** means a certificate substantially in the form of Exhibit D.

**“Compliance Event”** means the last day of any Test Period (commencing with the first full fiscal quarter after the Closing Date) so long as the Outstanding Amount of Revolving Credit Loans and Swing Line Loans on such date exceeds 25% of the amount of Revolving Credit Commitments on such date.

**“Consolidated EBITDA”** means, for any period, the Consolidated Net Income for such period, **plus:**

(a) without duplication, in each case (other than in the case of clause (viii)) 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:

(i) total interest expense and, to the extent not reflected in such total interest expense, any losses on Swap Contracts or other derivative instruments entered into for the purpose of hedging interest rate risk, net of interest income and gains on such Swap Contracts or other derivative instruments and costs of surety bonds in connection with financing activities, and any bank fees and financing fees (including commitment, underwriting, funding, “rollover” and similar fees and commissions, discounts, yields and other fees, charges and amounts incurred in connection with the issuance or incurrence of Indebtedness and all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing and net costs under Swap Contracts) and annual agency, unused line, facility or similar fees paid under definitive documentation related to Indebtedness,

(ii) provision for Income Taxes of the Borrower and the Restricted Subsidiaries paid or accrued during such period (including tax distributions by the Borrower in respect thereof),

(iii) depreciation and amortization, including amortization of deferred financing fees and debt discounts,

(iv) Non-Cash Charges,

(v) the amount of management, monitoring, consulting, transaction, advisory and other fees (including termination fees) and indemnities and expenses paid or accrued in such period under the Sponsor Management Agreement or otherwise to the Permitted Holders or other Persons with a similar interest in the Borrower or its direct or indirect parents to the extent otherwise permitted under Section 7.08,

(vi) any costs or expenses (excluding Non-Cash Charges) incurred by the Borrower or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Borrower or net cash proceeds of an issuance of Equity Interests of the Borrower (other than Disqualified Equity Interests),

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(vii) cash receipts (or reduced cash expenditures) to the extent of non-cash gains relating to such income that were deducted in the calculation of Consolidated EBITDA pursuant to clause (b)(i) below for any prior period,

(viii) the amount of “run rate” net cost savings, synergies and operating expense reductions (without duplication of any amounts added back pursuant to Section 1.11(c) in connection with a Specified Transaction) projected by the Borrower in good faith to result from actions taken, committed to be taken or with respect to which substantial steps have been taken or are expected in good faith to be taken no later than eighteen (18) months after the end of such period (calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of the period for which Consolidated EBITDA is being determined and if such cost savings, operating expense reductions and synergies were realized during the entirety of such period), net of the amount of actual benefits realized during such period from such actions; provided, that such cost savings, operating expense reductions and synergies are reasonably identifiable and factually supportable (it is understood and agreed that “run-rate” means the full recurring benefit for a period that is associated with any action taken, committed to be taken or with respect to which substantial steps have been taken or are expected to be taken); provided, further, that the aggregate amount of cost savings, synergies and operating expense reductions added back pursuant to this clause (viii) and Section 1.11(c) in any period of four consecutive fiscal quarters shall not exceed an amount equal to 25% of Consolidated EBITDA for such period (calculated before giving effect to this clause (viii) and Section 1.11(c)), and

(ix) the amount of any minority interest consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary except to the extent of cash dividends declared or paid on Equity Interests of such non-wholly owned Restricted Subsidiaries held by third parties, less

(b) without duplication, in each case to the extent included in arriving at such Consolidated Net Income, the sum of the following amounts for such period:

(i) non-cash gains increasing Consolidated Net Income for such period, excluding any non-cash gains that represent the reversal of an accrual or reserve for any anticipated cash charges in any prior period (other than any such accrual or reserve that has been added back to Consolidated Net Income in calculating Consolidated EBITDA in accordance with this definition), and

(ii) any non-cash gains with respect to cash actually received in a prior period unless such cash did not increase Consolidated EBITDA in a prior period, '

in each case, as determined on a consolidated basis for the Borrower and the Restricted Subsidiaries.

For the purpose of the definition of Consolidated EBITDA, **“Non-Cash Charges”** means (a) any impairment charge or asset write-off or write-down related to intangible assets, long-lived assets and other assets, and investments in debt

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and equity securities pursuant to GAAP, (b) stock-based awards compensation expense including, but not limited to, non-cash charges, expenses or write-downs arising from stock options, stock appreciation or other similar rights, restricted stock or other equity incentive programs, and (c) other non-cash charges, expenses or write-downs (provided that if any non-cash charges, expenses and write-downs referred to in this paragraph represent an accrual or reserve for potential cash items in any future period, (1) the Borrower may determine not to add back such non-cash charge in the current period and (2) to the extent the Borrower does decide to add back such non-cash charge, 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).

**“Consolidated First Lien Net Debt”** means, as of any date of determination, (a) any Indebtedness described in clause (a) of Consolidated Total Debt outstanding on such date that is secured by a Lien on any asset or property of the Borrower or any Restricted Subsidiary, but excluding any such Indebtedness in which the applicable Liens are junior to the Liens securing the Obligations minus (b) the aggregate amount of cash and Cash Equivalents (in each case, free and clear of all Liens, other than nonconsensual Liens permitted by Section 7.01 and Liens permitted by Sections 7.01(a), 7.01(l), 7.01(bb) (to the extent pari passu with or junior to the Liens securing the Obligations), 7.01(cc) and 7.01(dd) and clauses (i) and (ii) of Section 7.01(t)) included in the consolidated balance sheet of the Borrower and the Restricted Subsidiaries as of such date; provided that for purposes of determining the Consolidated First Lien Net Leverage Ratio for purposes of Sections 2.16(d)(iv) and 7.03(u) only, any cash proceeds of any Incremental Facility proposed to be drawn thereunder or Incremental Equivalent Debt proposed to be incurred will not be considered cash or Cash Equivalents under clause (b) hereof and the full amount of any Incremental Revolving Credit Commitments proposed to be established shall be deemed to be Indebtedness outstanding on such date.

**“Consolidated First Lien Net Leverage Ratio”** means, with respect to any date of determination, the ratio of (a) Consolidated First Lien Net Debt as of such date to (b) Consolidated EBITDA for the most recent Test Period.

**“Consolidated Interest Expense”** means, for any period, the sum of (i) the interest expense (including that attributable to Capitalized Leases), net of interest income, of the Borrower and the Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, and limited to such interest paid or payable in cash or received or receivable in cash during such period, with respect to all outstanding Indebtedness of the Borrower and the Restricted Subsidiaries, including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, (ii) net payments, if any, made (less net payments, if any, received) pursuant to Swap Contracts with respect to Indebtedness, (iii) any cash payments made during such period in respect of the interest expense on such obligations referred to in clause (b) below relating to Funded Debt that were amortized or accrued in a previous period (other than any such obligations resulting from the discounting of Indebtedness in connection with the application of purchase accounting in connection with any acquisition consummated prior to the Closing Date or any Permitted Acquisition) and (iv) from and after the date that a Holdings Restricted Payments Election is made, the amount of all Restricted Payments made pursuant to Section 7.06(c) from the Borrower to Holdings to fund cash interest payments by Holdings, but excluding, however, (a) amortization of deferred financing costs and any other amounts of non-cash interest, (b) the accretion or accrual of discounted liabilities during such period, (c) all non-recurring cash interest expense consisting of liquidated damages for failure to timely comply with registration rights obligations and financing fees, all as calculated on a consolidated basis in accordance with GAAP, (d) fees and expenses associated with the consummation of the Transaction, (e) annual agency fees paid to the Administrative Agent and/or Collateral Agent, (f) any prepayment premium or penalty, and (g) costs associated with obtaining Swap Contracts and breakage costs in respect of Swap

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Contracts; provided that there shall be excluded from Consolidated Interest Expense for any period the cash interest expense (or income) of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Interest Expense.

**“Consolidated Net Income”** means, for any period, the net income (loss) of the Borrower and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, excluding, without duplication:

- (a) extraordinary items,
  - (b) unusual or non-recurring gains or losses, charges or expenses (including relating to the Transaction) and any charges, losses or expenses related to signing, retention or completion bonuses or recruiting costs, severance, relocation costs, curtailments or modifications to pension and post-retirement employee benefit plans, and pre-opening, opening, closing and consolidation costs and expenses with respect to any facilities, costs and expenses relating to any registration statement, or registered exchange offer in respect of any Indebtedness permitted hereunder, integration and systems establishment costs, and cash restructuring charges or reserves (including restructuring costs related to acquisitions after the Closing Date);
  - (c) the cumulative effect of a change in accounting principles during such period to the extent included in Consolidated Net Income,
  - (d) Transaction Expenses,
  - (e) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, investment, asset disposition, issuance or repayment of debt, issuance of equity securities (including the initial public offering of the common stock of Bright Horizons Family Solutions Inc. (the indirect parent company of the Borrower)), refinancing transaction or amendment or other modification of any debt instrument (in each case, including any such transaction consummated prior to the Closing Date and any such transaction undertaken but not completed),
  - (f) [reserved],
  - (g) accruals and reserves that are established within twelve months after the Closing Date that are so required to be established as a result of the Transaction in accordance with GAAP,
  - (h) any unrealized net gains and losses (after any offset) resulting from Swap Contracts or embedded derivatives that require similar accounting treatment and the application of Accounting Standards Codification Topic No. 815, Derivatives and Hedging,
  - (i) any after-tax gains or losses on disposal of disposed, abandoned or discontinued operations and any after-tax effect of gains and losses (less all fees and expenses related thereto) attributable to asset dispositions other than in the ordinary course of business,
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(j) any net income (loss) for such period of any Person that is not a Subsidiary, or that is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, provided that Consolidated Net Income shall be increased by the amount of dividends or distributions that are actually paid in cash (or converted into cash) to the Borrower or a Restricted Subsidiary in respect of such net income in such period,

(k) to the extent (1) covered by insurance under which the insurer has been properly notified and has affirmed or consented to coverage in writing, expenses with respect to liability or casualty events or business interruption, and (2) actually reimbursed in cash, expenses incurred to the extent covered by indemnification provisions in any agreement in connection with the Transaction or a Permitted Acquisition, and

(l) the following items shall be excluded:

(i) any net unrealized gain or loss (after any offset) resulting in such period from currency transaction or translation gains or losses including those related to currency remeasurements of Indebtedness (including any net loss or gain resulting from (A) Swap Contracts for currency exchange risk and (B) resulting from intercompany indebtedness) and any other foreign currency transaction or translation gains and losses, to the extent such gain or losses are non-cash items;

(ii) any adjustments resulting from the application of Accounting Standards Codification Topic No. 460, Guarantees, or any comparable regulation;

(iii) any net after-tax income (loss) from the early extinguishment of Indebtedness or Swap Contracts or other derivative instruments; and (iv) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments.

There shall be excluded from Consolidated Net Income for any period the purchase accounting effects of adjustments, including to property, equipment, inventory and software and other intangible assets (including favorable and unfavorable leases and contracts) and deferred revenue in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to the Borrower and the Restricted Subsidiaries), as a result of any acquisition consummated prior to or after the Closing Date (including any Permitted Acquisitions), or the amortization, write-off or write-down of any amounts thereof.

**“Consolidated Senior Secured Net Debt”** means, as of any date of determination, any Indebtedness described in clause (a) of Consolidated Total Debt outstanding on such date that is secured by a Lien on any asset or property of the Borrower or any Restricted Subsidiary minus (b) the aggregate amount of cash and Cash Equivalents (in each case, free and clear of all Liens, other than nonconsensual Liens permitted by Section 7.01 and Liens permitted by Sections 7.01(a), 7.01(l), 7.01(bb) (to the extent pari passu with or junior to the Liens securing the Obligations), 7.01(cc) and 7.01(dd) and clauses (i) and (ii) of Section 7.01(t) included in the consolidated balance sheet of the Borrower and the Restricted Subsidiaries as of such date.

**“Consolidated Senior Secured Net Leverage Ratio”** means, with respect to any date of determination, the ratio of (a) Consolidated Senior Secured Net Debt as of such date to (b) Consolidated EBITDA for the most recent Test Period.

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**“Consolidated Total Debt”** means, as of any date of determination, (a) the aggregate principal amount of Indebtedness of the Borrower and the Restricted Subsidiaries outstanding on such date, in an amount that would be reflected on a balance sheet prepared as of such date on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with any Permitted Acquisition), consisting of Indebtedness for borrowed money, obligations in respect of Capitalized Leases, debt obligations evidenced by promissory notes or similar instruments, unreimbursed drawings in respect of letters of credit (or similar facilities) and Guarantees of the foregoing, minus (b) the aggregate amount of cash and Cash Equivalents (in each case, free and clear of all Liens, other than nonconsensual Liens permitted by Section 7.01 and Liens permitted by Sections 7.01(a), 7.01(l), 7.01(bb) (to the extent pari passu with or junior to the Liens securing the Obligations), 7.01(cc) and 7.01(dd) and clauses (i) and (ii) of Section 7.01(t) included in the consolidated balance sheet of the Borrower and the Restricted Subsidiaries as of such date; provided, that for purposes of determining the Total Net Leverage Ratio for purposes of Sections 2.16(d)(iv) and 7.03(u) only, any cash proceeds of any Incremental Facility proposed to be drawn thereunder or Incremental Equivalent Debt proposed to be incurred will not be considered cash or Cash Equivalents under clause (b) hereof and the full amount of any Incremental Revolving Credit Commitments proposed to be established shall be deemed to be Indebtedness outstanding on such date.

**“Consolidated Working Capital”** means, at any date, the excess of (a) the sum of all amounts (other than cash and Cash Equivalents) that would, in conformity with GAAP, be set forth opposite the caption “total current assets” (or any like caption) on a consolidated balance sheet of the Borrower and the Restricted Subsidiaries at such date over (b) the sum of all amounts that would, in conformity with GAAP, be set forth opposite the caption “total current liabilities” (or any like caption) on a consolidated balance sheet of the Borrower and the Restricted Subsidiaries on such date but excluding, in the case of clauses (a) and (b) above, without duplication, (i) the current portion of any Funded Debt, (ii) all Indebtedness consisting of Loans and L/C Obligations to the extent otherwise included therein, (iii) the current portion of accrued interest, (iv) the current portion of current and deferred income taxes and (v) deferred revenue.

**“Contract Consideration”** has the meaning specified in the definition of “Excess Cash Flow”.

**“Contractual Obligation”** means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

**“Control”** has the meaning specified in the definition of “Affiliate”.

**“Credit Agreement Refinancing Indebtedness”** means any (a) Permitted Pari Passu Secured Refinancing Debt, (b) Permitted Junior Secured Refinancing Debt, (c) Permitted Unsecured Refinancing Debt or (d) other Indebtedness (including unused commitments) incurred pursuant to a Refinancing Amendment, in each case, issued, incurred or otherwise obtained (including by means of the extension or renewal of existing Indebtedness) in exchange for, or to extend, renew, replace, repurchase, retire or refinance, in whole or part, existing Loans or Commitments hereunder, or any then-existing Credit Agreement Refinancing Indebtedness (**“Refinanced Debt”**); provided that (i) such exchanging, extending, renewing, replacing, repurchasing, retiring or refinancing Indebtedness (including unused commitments) is in an original aggregate principal amount not greater than the aggregate principal amount of the Refinanced Debt (including unused commitments) except by an amount equal to unpaid accrued interest and premium (including tender premium) and penalties thereon plus reasonable upfront fees and original issue discount on such exchanging, extending, renewing, replacing, repurchasing, retiring or refinancing Indebtedness, plus other reasonable and customary fees and expenses in connection with such exchange, modification,

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refinancing, refunding, renewal, replacement, repurchase, retirement or extension, (ii) (I) such Indebtedness (other than Revolving Credit Commitments) has a final maturity no earlier than the Maturity Date of, and a Weighted Average Life to Maturity no shorter than the remaining Weighted Average Life to Maturity of, the Refinanced Debt as originally in effect prior to any amortization or prepayments thereto and (II) such Indebtedness if consisting of Revolving Credit Commitments, have a maturity no earlier than, and do not have any commitment reductions that are not applicable to, the Refinanced Debt (except for commitment reductions applicable only to the period after the maturity date of the Refinanced Debt), (iii) the terms and conditions of such Indebtedness (except as otherwise provided in clause (ii) above and with respect to pricing, fees, premiums and optional prepayment or redemption terms) reflect market terms and conditions at the time of issuance (but in no event shall any such Indebtedness have covenants and defaults materially more restrictive (taken as a whole) than those set forth in this Agreement (except for covenants or other provisions applicable only to periods after the Latest Maturity Date at the time of incurrence of such Indebtedness)) (provided that a certificate of a Responsible Officer delivered to the Administrative Agent at least five (5) Business Days prior to the incurrence of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Borrower has determined in good faith that such terms and conditions satisfy the requirement of this clause (iii) shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Administrative Agent notifies the Borrower within such five (5) Business Day period that it disagrees with such determination (including a description of the basis upon which it disagrees)), and (iv) such Refinanced Debt (including unused commitments) shall be repaid, repurchased, retired, defeased, terminated or satisfied and discharged, and all accrued interest, fees, premiums (if any) and penalties in connection therewith shall be paid, on the date such Credit Agreement Refinancing Indebtedness is issued, incurred or obtained.

**“Credit Extension”** means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

**“Cumulative Growth Amount”** shall mean, on any date of determination, the sum of, without duplication,

(A) \$45,000,000; plus

(B) an amount equal to 50% of Consolidated Net Income of the Borrower and the Restricted Subsidiaries for the period (taken as one accounting period) beginning on the first day of the fiscal quarter containing the Amendment and Restatement Effective Date to the end of the most recently ended Test Period, or, in the case such Consolidated Net Income for such period is a deficit, minus 100.0% of such deficit, provided that, for purposes of Sections 7.06(j) and 7.13(a)(v), the amount in this clause (A) shall only be available if the Borrower and the Restricted Subsidiaries shall be in Pro Forma Compliance with the Financial Covenant after giving effect to any such Restricted Payment or prepayment, redemption or repurchase actually made pursuant to Sections 7.06(j) or 7.13(a)(v); plus

(C) the amount of Net Cash Proceeds from the sale of Equity Interests of Holdings (or any direct or indirect parent of Holdings) (other than Excluded Contributions, amounts in respect of a issuance of Equity Interests made pursuant to Section 8.05 and issuances of Disqualified Equity Interests) or capital contributions to Holdings or any direct or indirect parent of Holdings after the Amendment and Restatement Effective Date to the extent that such Net Cash Proceeds or capital contributions shall have been actually received by the Borrower (through a capital contribution of such Net Cash Proceeds by Holdings to the Borrower) on or prior to such date of determination and to the extent not used to make payments under Section 7.03(j) or make Restricted Payments pursuant to Section 7.06(g), plus

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(D) the amount of Net Cash Proceeds from the issuance of Indebtedness by Holdings or any direct or indirect parent company of Holdings after the Amendment and Restatement Effective Date to the extent that such Net Cash Proceeds shall have been actually received by the Borrower (through a capital contribution of such Net Cash Proceeds by Holdings to the Borrower) on or prior to such date of determination, plus

(E) Borrower Retained Prepayment Amounts, plus

(F) an amount equal to the aggregate Returns (not to exceed the original amount of such Investment) in respect of any Investment made since the Amendment and Restatement Effective Date pursuant to Section 7.02(o) to the extent that such Returns did not increase Consolidated Net Income, minus

(G) the sum at the time of determination of (i) the aggregate amount of Investments made since the Amendment and Restatement Effective Date pursuant to Section 7.02(o), (ii) the aggregate amount of Restricted Payments made since the Amendment and Restatement Effective Date pursuant to Section 7.06(j) and (iii) the aggregate amount of prepayments, redemptions or repurchases made since the Amendment and Restatement Effective Date pursuant to Section 7.13(a)(v).

**“Cure Amount”** has the meaning specified in Section 8.05(a).

**“Cure Expiration Date”** has the meaning specified in Section 8.05(a).

**“Debtor Relief Laws”** means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

**“Default”** means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

**“Default Rate”** means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2.0% per annum; provided that with respect to a Eurocurrency Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2.0% per annum, in each case, to the fullest extent permitted by applicable Laws.

**“Defaulting Lender”** means, subject to Section 2.18(b), any Lender that, as reasonably determined by the Administrative Agent, (a) has failed to perform any of its funding obligations hereunder, including in respect of its Loans, participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within one (1) Business Day of the date required to be funded by it hereunder, unless the subject of a good faith dispute, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one (1) Business Day of the date when due, unless the subject of a good faith dispute, (c) has notified the Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit, (d) has failed, within three (3) Business Days after request by the Administrative Agent, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its funding obligations hereunder, (e) at any time after the Closing Date has, or has a direct or indirect parent

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company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approved of or acquiescence in any such proceeding or appointment; provided that for the avoidance of doubt, a Lender shall not be a Defaulting Lender solely by virtue of: (x) the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority or (y) in the case of a Solvent Lender, the precautionary appointment of an administrator, guardian, custodian or similar official by a Governmental Authority under or based on the Law of the country where such Lender is subject to home jurisdiction supervision if applicable Law requires that such appointment not be publicly disclosed, in any such case, where such action does not result in or provide such Lender with immunity from the jurisdictions of courts within the United States of America or from enforcement of judgments or writs or attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Lender or (f) has, or has a direct or indirect parent company that has, become the subject of a Bail-In Action.

**“Delayed Draw Commitment Fee”** has the meaning specified in Section 2.10.

**“Delayed Draw Commitment Period”** means the period from the Amendment and Restatement Effective Date to the earlier of (i) Delayed Draw Termination Date and (ii) the Delayed Draw Funding Date.

**“Delayed Draw Funding Date”** has the meaning specified in Section 2.02(a).

**“Delayed Draw Term B Loans”** has the meaning specified in Section 2.01(a)(ii).

**“Delayed Draw Term B Commitment”** means the Delayed Draw Incremental Term Commitments, as set forth in the Incremental and Amendment and Restatement Agreement.

**“Delayed Draw Term B Lender”** means, as of any date of determination, any Lender that holds a portion of the outstanding Delayed Draw Term B Loan or Delayed Draw Term B Commitment on such date.

**“Delayed Draw Termination Date”** means February 7, 2017.

**“Designated Non-Cash Consideration”** means the Fair Market Value of non-cash consideration received by the Borrower or a Restricted Subsidiary in connection with a Disposition pursuant to Section 7.05(k) that is designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer, setting forth the basis of such valuation (which amount will be reduced by the Fair Market Value of the portion of the non-cash consideration converted to cash or Cash Equivalents following the consummation of the applicable Disposition).

**“Discount Prepayment Accepting Lender”** has the meaning specified in Section 2.06(a)(iv)(B)(2).

**“Discount Range”** has the meaning specified in Section 2.06(a)(iv)(C)(1).

**“Discount Range Prepayment Amount”** has the meaning specified in Section 2.06(a)(iv)(C)(1).

**“Discount Range Prepayment Notice”** means a written notice of a Borrower Solicitation of Discount Range Prepayment Offers made pursuant to Section 2.06(a)(iv)(C) substantially in the form of Exhibit K.

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**“Discount Range Prepayment Offer”** means the irrevocable written offer by a Lender, substantially in the form of Exhibit L, submitted in response to an invitation to submit offers following the Auction Agent’s receipt of a Discount Range Prepayment Notice.

**“Discount Range Prepayment Response Date”** has the meaning specified in Section 2.06(a)(iv)(C)(1).

**“Discount Range Proration”** has the meaning specified in Section 2.06(a)(iv)(C)(3).

**“Discounted Prepayment Determination Date”** has the meaning specified in Section 2.06(a)(iv)(D)(3).

**“Discounted Prepayment Effective Date”** means in the case of a Borrower Offer of Specified Discount Prepayment, Borrower Solicitation of Discount Range Prepayment Offer or Borrower Solicitation of Discounted Prepayment Offer, five (5) Business Days following the Specified Discount Prepayment Response Date, the Discount Range Prepayment Response Date or the Solicited Discounted Prepayment Response Date, as applicable, in accordance with Section 2.06(a)(iv)(B)(1), Section 2.06(a)(iv)(C)(1) or Section 2.06(a)(iv)(D)(1), respectively, unless a shorter period is agreed to between the Borrower and the Auction Agent.

**“Discounted Term Loan Prepayment”** has the meaning specified in Section 2.06(a)(iv)(A).

**“Disposition”** or **“Dispose”** means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction and any sale of Equity Interests) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith; provided that “Disposition” and “Dispose” shall not include any issuance by Holdings of any of its Equity Interests to another Person.

**“Disqualified Equity Interests”** means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments and the termination of all outstanding Letters of Credit (unless the Outstanding Amount of the L/C Obligations related thereto has been Cash Collateralized, back-stopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably acceptable to the applicable L/C Issuer)), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests and other than as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments and the termination of all outstanding Letters of Credit (unless the Outstanding Amount of the L/C Obligations related thereto has been Cash Collateralized, back-stopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably acceptable to the applicable L/C Issuer)), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Latest Maturity Date at the time of the issuance of such Equity Interests.

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**“Disqualified Institutions”** means, collectively, (x) those banks, financial institutions and other institutional lenders that have been separately identified in writing by the Borrower to the Joint Lead Arrangers in writing prior to October 24, 2016 or (y) (i) competitors of the Borrower and/or (ii) direct or indirect parent entities (or subsidiaries thereof) or subsidiaries of such competitors (in each case, other than any bona fide debt fund affiliates), in each case of this clause (y), designated in writing by the Borrower to the Joint Lead Arrangers prior to October 24, 2016 (or, for competitors that are operating companies and their Affiliates, identified by the Borrower to the Administrative Agent) (without retroactive effect), and in the case of this clause (y), inclusive of any Affiliates thereof that are reasonably identifiable solely on the basis of the similarity of its name (other than financial investors in competitors that are not operating companies or Affiliates of operating companies and other than bona fide diversified debt funds); provided that (I) the Administrative Agent shall have no obligation to carry out due diligence in order to identify such Affiliates, (II) the Administrative Agent may make available to any Lender or prospective Lender, upon the request of such Lender or prospective Lender, the list of Disqualified Institutions and (III) a Lender may request to remove an entity from the list of Disqualified Institutions by submitting to the Borrower and the Administrative Agent conclusive evidence that such entity is outside the scope of clause (y) hereto. Notwithstanding the foregoing, each Loan Party and the Lenders acknowledge and agree that the Administrative Agent shall not have any responsibility or obligation to determine whether any Lender or prospective Lender is a Disqualified Institution and the Administrative Agent shall have no liability with respect to any assignment made, or any information made available, to a Disqualified Institution by any Lender in violation hereof.

**“Dollar”** and **“\$”** mean lawful money of the United States.

**“Domestic Subsidiary”** means any Subsidiary that is organized under the Laws of the United States, any state thereof or the District of Columbia.

**“EEA Financial Institution”** means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

**“EEA Resolution Authority”** means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

**“EEA Member Country”** means any of the member states of the European Union, Iceland, Liechtenstein and Norway.

**“Effective Date Term B Loans”** has the meaning specified in Section 2.01(a)(i). For the avoidance of doubt, all references in this Agreement to Effective Date Term B Loans shall include, at any time after the Delayed Draw Funding Date, the Delayed Draw Term B Loans borrowed on such Delayed Draw Funding Date.

**“Effective Date Term B Commitments”** means the Closing Date Incremental Term Commitments, as set forth in the Incremental and Amendment and Restatement Agreement.

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**“Effective Date Term B Lender”** means as of any date of determination, any Lender that holds a portion of the outstanding Effective Date Term B Loans on such date. For the avoidance of doubt, all references in this Agreement to Effective Date Term B Lenders shall include, at any time after any Delayed Draw Funding Date, the Delayed Draw Term B Lenders in respect of the Delayed Draw Term B Loans borrowed on such Delayed Draw Funding Date.

**“Eligible Assignee”** means any Assignee permitted by and consented to in accordance with Section 10.07(b).

**“Environmental Laws”** means any and all Federal, state, local and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution, the protection of the environment, natural resources, or, to the extent relating to exposure to Hazardous Materials, human health or to the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

**“Environmental Liability”** means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities) directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

**“Environmental Permit”** means any permit, approval, identification number, license or other authorization required under any Environmental Law.

**“Equity Interests”** means, with respect to any Person, all of the shares, interests, rights, participations or other equivalents (however designated) of capital stock of (or other ownership or profit interests or units in) such Person and all of the warrants, options or other rights for the purchase, acquisition or exchange from such Person of any of the foregoing (including through convertible securities).

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

**“ERISA Affiliate”** means any trade or business (whether or not incorporated) that is under common control with any Loan Party within the meaning of Section 414 of the Code or Section 4001 of ERISA.

**“ERISA Event”** means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan pursuant to Section 4063, 4203 or 4205 of ERISA or written notification that a Multiemployer Plan is insolvent or in endangered or critical status within the meaning of Section 305 of ERISA; (d) the filing of a written notice of intent to terminate a Pension Plan, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings in writing by the PBGC to terminate a Pension Plan; (e) an event or condition which would reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (f) the failure of any Pension Plan to satisfy the minimum funding standard required for any plan year or part thereof under Section 412 of the Code or Section 302 of ERISA or a waiver of

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such standard or extension of any amortization period is sought or granted under Section 412 of the Code or Section 303 or 304 of ERISA; or (g) the imposition of a Lien under Section 412 of the Code or Section 302 or 4068 of ERISA on any property of any Loan Party or any ERISA Affiliate.

**“EU Bail-In Legislation Schedule”** means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

**“Eurocurrency Rate”** means, with respect to any Borrowing of Eurocurrency Rate Loans for any Interest Period, (a) the rate per annum appearing on Reuters Screen LIBOR01 (or such other comparable page as may, in the reasonable opinion of the Administrative Agent, replace such page for the purpose of displaying such rates) as the London interbank offered rate for deposits in U.S. Dollars for a period equal to such Interest Period, at approximately 11:00 a.m. (London time) on the date that is two (2) Business Days prior to the commencement of such Interest Period; provided that to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the “Eurocurrency Rate” shall be the interest rate per annum reasonably determined by the Administrative Agent to be the average of the rates per annum at which deposits in U.S. Dollars are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two (2) Business Days prior to the beginning of such Interest Period, divided by (b) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); provided that the Eurocurrency Rate with respect to Term B Loans will be deemed not to be less than 0.75% per annum (the **“LIBOR Floor”**).

**“Eurocurrency Rate Loan”** means a Loan that bears interest at a rate based on the Eurocurrency

**“Event of Default”** has the meaning specified in Section 8.01.

**“Excess Cash Flow”** means, for any period, an amount equal to the excess of:

- (a) the sum, without duplication, of:
    - (i) Consolidated Net Income,
    - (ii) depreciation, amortization and other non-cash charges and expenses incurred during such period, to the extent deducted in arriving at such Consolidated Net Income, but excluding any such non-cash charges and expenses representing an accrual or reserve for potential items in any future period and excluding amortization of a prepaid cash item that was paid in a prior period,
    - (iii) decreases in Consolidated Working Capital for such period (other than any such decreases arising from acquisitions and non-ordinary course Dispositions by the Borrower and the Restricted Subsidiaries completed during such period),
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(iv) an amount equal to the aggregate net non-cash loss on Dispositions by the Borrower and the Restricted Subsidiaries during such period (other than Dispositions in the ordinary course of business) to the extent deducted in arriving at such Consolidated Net Income,

(v) an amount equal to all cash received for such period on account of any net non-cash gain or income from Investments deducted in a previous period pursuant to clause (b)(iv)(B) below in this definition, and

(vi) an amount deducted as tax expense in determining Consolidated Net Income to the extent in excess of cash taxes paid in such period, over

(b) the sum, without duplication, of:

(i) an amount equal to all non-cash credits included in arriving at such Consolidated Net Income and cash losses, charges and expenses excluded by virtue of clauses (a) through (l) of the definition of Consolidated Net Income,

(ii) without duplication of amounts deducted pursuant to clause (xi) below in prior fiscal years, the amount of Capital Expenditures made in cash or accrued during such period, except to the extent that such Capital Expenditures were financed with the proceeds of Indebtedness (other than Revolving Credit Loans and loans under any other revolving credit line or similar facility) of the Borrower or any Restricted Subsidiary,

(iii) the aggregate amount of all principal payments of Indebtedness of the Borrower and the Restricted Subsidiaries (including (A) the principal component of payments in respect of Capitalized Leases, (B) the amount of all scheduled principal payments of Term Loans made pursuant to Section 2.08(a), (C) the amount of all voluntary prepayments of Term Loans made pursuant to Section 2.06(a)(iv), in an amount equal to the discounted amount actually paid in cash in respect of the principal amount of such Term Loans, and (D) the amount of any mandatory prepayment of Term Loans pursuant to Section 2.06(b)(ii) to the extent required due to a Disposition that resulted in an increase to Consolidated Net Income and not in excess of the amount of such increase, but excluding (X) all other prepayments of Term Loans pursuant to Section 2.06 (except as set forth above), and (Y) all prepayments of Revolving Credit Loans and Swing Line Loans made during such period (other than in respect of any revolving credit facility to the extent there is an equivalent permanent reduction in commitments thereunder)) to the extent financed with Internally Generated Cash,

(iv) an amount equal to the sum of (A) the aggregate net non-cash gain on Dispositions by the Borrower and the Restricted Subsidiaries during such period (other than Dispositions in the ordinary course of business) to the extent included in arriving at such Consolidated Net Income and (B) the aggregate net non-cash gain or income from Investments to the extent included in arriving at Consolidated Net Income,

(v) increases in Consolidated Working Capital for such period (other than any such increases arising from acquisitions and non-ordinary course Dispositions by the Borrower and the Restricted Subsidiaries during such period),

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(vi) cash payments by the Borrower and the Restricted Subsidiaries during such period in respect of long-term liabilities of the Borrower and the Restricted Subsidiaries other than Indebtedness,

(vii) without duplication of amounts deducted pursuant to clause (xi) below in prior fiscal years, the amount of Investments and acquisitions made during such period pursuant to Sections 7.02(b), (f)(i) (to the extent contemplated on the Closing Date), (g), (i), (m), (n), (o), (u), (w) and (x) to the extent that such Investments and acquisitions were financed with Internally Generated Cash; provided, however, that in the case of Investments and acquisitions made pursuant to Section 7.02(o), the deduction pursuant to this clause (vii) shall not exceed an amount equal to Consolidated Net Income for such period,

(viii) the amount of Restricted Payments paid during such period pursuant to Sections 7.06(g), (h), (i), (j), (l), (m) and (o), in each case to the extent such Restricted Payments were financed with Internally Generated Cash; provided, however, that in the case of Restricted Payments made pursuant to Section 7.06(j), the deduction pursuant to this clause (viii) shall not exceed an amount equal to Consolidated Net Income for such period,

(ix) the aggregate amount of expenditures actually made by the Borrower and the Restricted Subsidiaries in cash during such period (including expenditures for the payment of financing fees) to the extent that such expenditures were not expensed during such period,

(x) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by the Borrower and the Restricted Subsidiaries during such period that are required to be made in connection with any prepayment of Indebtedness,

(xi) without duplication of amounts deducted from Excess Cash Flow in prior periods, the aggregate consideration required to be paid in cash by the Borrower or any of the Restricted Subsidiaries pursuant to binding contracts (the "**Contract Consideration**") entered into prior to or during such period relating to Permitted Acquisitions or Capital Expenditures to be consummated or made during the period of four consecutive fiscal quarters of the Borrower following the end of such period, provided that to the extent the aggregate amount of Internally Generated Cash actually utilized to finance such Permitted Acquisitions or Capital Expenditures during such period of four consecutive fiscal quarters is less than the Contract Consideration, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such period of four consecutive fiscal quarters,

(xii) the amount of cash taxes paid and, without duplication, cash distributions for payment of taxes, in such period to the extent they exceed the amount of tax expense deducted in determining Consolidated Net Income for such period, and

(xiii) cash expenditures made in respect of Swap Contracts to the extent not reflected in the computation of Consolidated Net Income for such period.

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**“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

**“Exchange Rate”** means on any day with respect to any currency other than Dollars, the rate at which such currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m. (London time) on such day on the Reuters World Currency Page for such currency; in the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Borrower, or, in the absence of such agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m. (New York City time) on such date for the purchase of Dollars for delivery two Business Days later.

**“Excluded Assets”** means (i) any fee-owned real property (other than Material Real Property) and any leasehold rights and leasehold interests in real property (it being understood that the Loan Documents shall not contain any requirements as to landlord waivers, estoppels and collateral access letters), (ii) motor vehicles and other assets subject to certificates of title to the extent that a security interest therein cannot be perfected by the filing of a UCC-1 financing statement, (iii) commercial tort claims where the amount of damages claimed by the applicable Loan Party is less than \$5,000,000, (iv) any governmental licenses or state or local franchises, charters and authorizations to the extent that the Collateral Agent may not validly possess a security interest therein under applicable Laws (including rules and regulations of any Governmental Authority or agency) or the pledge or creation of a security interest in which would require governmental consent, approval, license or authorization, other than to the extent such prohibition, limitation or restriction is ineffective under the UCC or other applicable Laws, (v) any particular asset or right under contract, if the pledge thereof or the security interest therein (A) is prohibited by applicable Law other than to the extent such prohibition is rendered ineffective under the UCC or other applicable Laws or (B) to the extent and for as long as it would violate the terms of any written agreement, license, lease or similar arrangement with respect to such asset or would require consent, approval, license or authorization (in each case, after giving effect to the relevant provisions of the UCC or other applicable Laws) or would give rise to a termination right (in favor of a Person other than Holdings, the Borrower or any Subsidiary) pursuant to any “change of control” or other similar provision under such written agreement, license, lease or similar arrangement (except to the extent such provision is overridden by the UCC or other applicable Laws), (vi) (A) Margin Stock and (B) Equity Interests in any non-wholly owned Restricted Subsidiaries, but only to the extent that, and for so long as, (x) the Organization Documents or other agreements with respect to the Equity Interests of such non-wholly owned Restricted Subsidiaries with other equity holders (other than any such agreement where all of the equity holders party thereto are Loan Parties or Subsidiaries thereof) do not permit or restrict the pledge of such Equity Interests, or (y) the pledge of such Equity Interests (including any exercise of remedies) would result in a change of control, repurchase obligation or other adverse consequence to any of the Loan Parties or such Restricted Subsidiary (other than the loss of such Equity Interests as a result of any such exercise of remedies), (vii) any lease, license or agreement or any property subject to a purchase money security interest, capital lease obligation or similar arrangement, in each case to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or purchase money or similar arrangement or create a right of termination in favor of any other party thereto (other than Holdings, the Borrower or any Subsidiary) after giving effect to the applicable anti-assignment provisions of the UCC or other applicable Laws, other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the UCC or other applicable Laws notwithstanding such prohibition, (viii) any assets if the creation or perfection of pledges of, or security interests in, such assets

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would result in material adverse tax consequences to Holdings, the Borrower or any of its Subsidiaries, as reasonably determined by the Borrower in consultation with the Administrative Agent, (ix) letter of credit rights where the maximum amount of any such letter of credit is less than \$5,000,000, except to the extent constituting a support obligation for other Collateral as to which perfection of the security interest in such other Collateral is accomplished solely by the filing of a UCC financing statement, (x) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal Law, (xi) particular assets if and for so long as, in the reasonable judgment of the Administrative Agent and the Borrower (as set forth in a written agreement between the Administrative Agent and the Borrower), the cost of obtaining a security interest in such assets exceeds the practical benefits to the Lenders afforded thereby; provided, however, that Excluded Assets shall not include any proceeds, substitutions or replacements of any Excluded Assets referred to in preceding clauses (i) through (xi) (unless such proceeds, substitutions or replacements would independently constitute Excluded Assets referred to in such clauses (i) through (xi)).

**"Excluded Contribution"** means the amount of capital contributions to the Borrower or Net Cash Proceeds from the sale or issuance of Qualified Equity Interests of the Borrower, in each case after the Closing Date (other than any amount to the extent designated as a Cure Amount) and designated by the Borrower to the Administrative Agent as an Excluded Contribution on or promptly after the date such capital contributions are made or such Equity Interests are sold or issued.

**"Excluded Equity Interests"** has the meaning set forth in the Security Agreement.

**"Excluded Subsidiary"** means (a) any Subsidiary that is not a wholly owned Subsidiary, (b) any Subsidiary that is prohibited by applicable Law or Contractual Obligation existing on the Closing Date (or, in the case of any Subsidiary acquired after the Closing Date, any Contractual Obligation in existence at the time of the acquisition of such Subsidiary but not entered into in contemplation thereof) from guaranteeing the Obligations, (c) any Domestic Subsidiary that is a Subsidiary of (i) a Foreign Subsidiary that is a CFC or (ii) a FSHCO, (d) any FSHCO, (e) any Restricted Subsidiary prohibited from guaranteeing the Obligations under the terms of Indebtedness assumed pursuant to Section 7.03(h)(A); provided that each such Restricted Subsidiary shall cease to be an Excluded Subsidiary under this clause (e) if such Indebtedness is repaid, (f) any Immaterial Subsidiary, (g) any special purpose securitization vehicle (or similar entity), (h) any not-for-profit Subsidiary and (i) any other Subsidiary with respect to which, in the reasonable judgment of the Administrative Agent (confirmed in writing by notice to the Borrower), the cost or other consequences (including any adverse Tax consequences) of providing a Guarantee shall be excessive in view of the practical benefits to be obtained by the Lenders therefrom. For avoidance of doubt, and notwithstanding anything herein to the contrary, the Borrower in its sole discretion may cause any Restricted Subsidiary that is not a Guarantor to Guarantee the Obligations by causing such Restricted Subsidiary to execute and deliver to the Administrative Agent a Guaranty Supplement and a Security Agreement Supplement, and any such Restricted Subsidiary shall be a Guarantor, Loan Party and Subsidiary Guarantor hereunder for all purposes until such time, if any, as such Restricted Subsidiary shall be released from the Subsidiary Guaranty. Notwithstanding the foregoing, any Restricted Subsidiary that is an obligor or guarantor of any Credit Agreement Refinancing Indebtedness or any Incremental Equivalent Debt shall not be an Excluded Subsidiary.

**"Excluded Taxes"** means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income or net profits (however denominated), franchise (and similar) Taxes, any net-worth (and similar) Taxes (in lieu of net income Taxes) and

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branch profits Taxes, imposed by the jurisdiction (or any political subdivision thereof) under the Laws of which such Recipient is organized or maintains its principal office or applicable Lending Office (b) Taxes imposed by reason of any past, current or future connection between the Recipient and a jurisdiction (or any political subdivision thereof) other than solely as a result of entering into any Loan Document and receiving payments thereunder or enforcing any Loan Document, (c) any withholding Taxes imposed by any jurisdiction in which the Borrower is formed or organized on amounts paid or payable to or for the account of such Recipient pursuant to any Law in effect on the date on which (i) such Recipient becomes a party to this Agreement or any other Loan Document (other than pursuant to an assignment request by the Borrower under Section 3.07) or (ii) such Lender changes its Lending Office, except in each such case to the extent that, pursuant to Section 3.01, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (d) Taxes attributable to such Recipient's failure to comply with Section 3.01(g), (e) any U.S. federal withholding Taxes imposed under FATCA and (f) any U.S. federal backup withholding Taxes imposed under Section 3406 of the Code.

**“Existing Credit Agreement”** has the meaning specified in preliminary statements of this Agreement.

**“Existing Revolver Tranche”** has the meaning specified in Section 2.15(b).

**“Existing Term Loan Tranche”** has the meaning specified in Section 2.15(a).

**“Expiring Credit Commitment”** has the meaning specified in Section 2.04(g).

**“Extended Revolving Credit Commitments”** has the meaning specified in Section 2.15(b).<sub>2</sub>

**“Extended Revolving Credit Loans”** has the meaning specified in Section 2.15(b).<sub>2</sub>

**“Extended Term Loans”** has the meaning specified in Section 2.15(a).

**“Extending Revolving Credit Lender”** has the meaning specified in Section 2.15(c).<sub>2</sub>

**“Extending Term Lender”** has the meaning specified in Section 2.15(c).

**“Extension”** means the establishment of an Extension Series by amending a Loan pursuant to Section 2.15 and the applicable Extension Amendment.

**“Extension Amendment”** has the meaning specified in Section 2.15(d).

**“Extension and Incremental Amendment Effective Date”** means January 26, 2016.

**“Extension Election”** has the meaning specified in Section 2.15(c).

**“Extension Minimum Condition”** means a condition to consummating any Extension that a minimum amount (to be determined and specified in the relevant Extension Request, in the Borrower's sole discretion) of any or all applicable Classes be submitted for Extension.

**“Extension Request”** means any Term Loan Extension Request or Revolver Extension Request, as the case may be.

**“Extension Series”** means any Term Loan Extension Series or Revolver Extension Series, as the case may be.

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**“Facility”** or **“Facilities”** means the Term Loans made pursuant to Section 2.01(a), a given Class of Incremental Term Loans, a given Extension Series of Extended Term Loans, a given Refinancing Series of Other Term Loans, the Revolving Credit Facility, a given Class of Incremental Revolving Credit Commitments, a given Extension Series of Extended Revolving Credit Commitments or any Other Revolving Credit Loan (or Commitment) as the context may require.

**“Fair Market Value”** means, with respect to any asset or liability, the fair market value of such asset or liability as determined by the Borrower in good faith.

**“FATCA”** means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and, for the avoidance of doubt, any agreements entered into pursuant to Section 1471(b)(1) of the Code or otherwise pursuant to any of the foregoing.

**“Federal Funds Rate”** means, for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal Funds brokers of recognized standing selected by the Administrative Agent.

**“Financial Covenant”** has the meaning specified in Section 7.11.

**“First Lien Intercreditor Agreement”** means an intercreditor agreement substantially in the form of Exhibit R hereto (which agreement in such form or with changes immaterial to the interests of the Lenders thereto the Administrative Agent is authorized to enter into) together with any changes material to the interests of the Lenders thereto, which such changes shall be posted to the Lenders not less than five (5) Business Days before execution thereof and, if the Required Lenders shall not have objected to such changes within five (5) Business Days after posting, then the Required Lenders shall be deemed to have agreed that the Administrative Agent’s entry into such intercreditor agreement (with such changes) is reasonable and to have consented to such intercreditor agreement (with such changes) and to the Administrative Agent’s execution thereof.

**“Foreign Casualty Event”** has the meaning specified in Section 2.06(b)(x).

**“Foreign Disposition”** has the meaning specified in Section 2.06(b)(x).

**“Foreign Lender”** means a Lender that is not a U.S. Person.

**“Foreign Subsidiary”** means any direct or indirect Restricted Subsidiary which is not a Domestic Subsidiary.

**“FRB”** means the Board of Governors of the Federal Reserve System of the United States or any successor thereto.

**“FSHCO”** means any Domestic Subsidiary (including a disregarded entity for U.S. federal income tax purposes) substantially all of whose assets consist of Equity Interests and/or Indebtedness of one or more Foreign Subsidiaries that are CFCs (held directly or through Subsidiaries).

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**“Fund”** means any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

**“Funded Debt”** means all Indebtedness of the Borrower and the Restricted Subsidiaries for borrowed money that matures more than one (1) year from the date of its creation or matures within one (1) year from such date that is renewable or extendable, at the option of such Person, to a date more than one (1) year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one (1) year from such date, including Indebtedness in respect of the Loans.

**“GAAP”** means generally accepted accounting principles in the United States of America, as in effect from time to time; provided, however, that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof (including through conforming changes made consistent with IFRS) on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof (including through conforming changes made consistent with IFRS), then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

**“Governmental Authority”** means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

**“Granting Lender”** has the meaning specified in Section 10.07(h).

**“Guarantee”** means, as to any Person, without duplication, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another Person (the **“primary obligor”**) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other monetary obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other monetary obligation of the payment or performance of such Indebtedness or other monetary obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other monetary obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other monetary obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other monetary obligation of any other Person, whether or not such Indebtedness or other monetary obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term “Guarantee” shall not include endorsements for collection or deposit, in either case in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount

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of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

**“Guarantors”** means Holdings and each Subsidiary Guarantor.

**“Guaranty”** means, collectively, the Holdings Guaranty and the Subsidiary Guaranty.

**“Guaranty Supplement”** has the meaning specified in the Guaranty.

**“Hazardous Materials”** means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

**“Hedge Bank”** means any Person that is an Agent, an Arranger, a Lender or an Affiliate of an Agent, an Arranger or a Lender, in each case at the time such Person enters into a Secured Hedge Agreement, in its capacity as a party thereto (and whether or not such Person subsequently ceases to be an Agent, Arranger, Lender or Affiliate of an Agent, Arranger or Lender), and such Person’s successors and assigns.

**“Holdings”** means Bright Horizons Capital Corp., a Delaware corporation, and any successor Person thereto that directly holds all of the issued and outstanding Equity Interests of the Borrower.

**“Holdings Guaranty”** means the Holdings Guaranty made by Holdings in favor of the Administrative Agent on behalf of the Secured Parties, substantially in the form of Exhibit F.

**“Holdings Restricted Payments Election”** has the meaning specified in Section 7.06(c).

**“Honor Date”** has the meaning specified in Section 2.03(c)(i).

**“Identified Participating Lenders”** has the meaning specified in Section 2.06(a)(iv)(C)(3).

**“Identified Qualifying Lender”** has the meaning specified in Section 2.06(a)(iv)(D)(3).

**“Immaterial Subsidiary”** means any Restricted Subsidiary designated in writing by the Borrower to the Administrative Agent as an Immaterial Subsidiary that is not already a Guarantor and that does not, as of the last day of the most recently completed fiscal quarter of the Borrower, have assets with a value in excess of 2.0% of the consolidated total assets of the Borrower and the Restricted Subsidiaries and did not, as of the four-quarter period ending on the last day of such fiscal quarter, have revenues exceeding 2.0% of the consolidated revenues of the Borrower and the Restricted Subsidiaries; provided that if (a) such Restricted Subsidiary shall have been designated in writing by the Borrower to the Administrative Agent as an Immaterial Subsidiary, and (b) if (i) the aggregate assets then owned by all Restricted Subsidiaries of the Borrower that would otherwise constitute Immaterial Subsidiaries shall have a value in excess of 5.0% of the consolidated total assets of the Borrower and the Restricted Subsidiaries as of the last day of such fiscal quarter or (ii) the combined revenues of all Restricted Subsidiaries of the Borrower that would otherwise constitute Immaterial Subsidiaries shall exceed 5.0% of the consolidated revenues of the Borrower and the Restricted Subsidiaries for such four-quarter period, the Borrower shall redesignate one or more of such Restricted Subsidiaries to not be Immaterial Subsidiaries within ten (10) Business Days after delivery of the

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Compliance Certificate for such fiscal quarter such that only those such Restricted Subsidiaries as shall then have aggregate assets of less than 5.0% of the consolidated total assets of the Borrower and the Restricted Subsidiaries and combined revenues of less than 5.0% of the consolidated revenues of the Borrower and the Restricted Subsidiaries shall constitute Immaterial Subsidiaries. Notwithstanding the foregoing, in no event shall any Restricted Subsidiary that is an obligor or guarantor of (i) any Credit Agreement Refinancing Indebtedness, (ii) any Incremental Equivalent Debt, (iii) any unsecured Indebtedness, (iv) any Indebtedness that is secured on a junior basis to the Obligations or (v) any Junior Financing, in the case of preceding clauses (iii), (iv) and (v), with an aggregate principal amount in excess of the Threshold Amount in any such case be designated as an Immaterial Subsidiary.

**“Incremental Series”** means all Incremental Term Loans, Incremental Revolving Loans, Incremental Term Commitments or Incremental Revolving Credit Commitments that are established pursuant to the same Incremental Amendment (or any subsequent Incremental Amendment to the extent that such Incremental Amendment expressly provides that the Incremental Term Loans, Incremental Revolving Loans, Incremental Term Commitments or Incremental Revolving Credit Commitments provided for therein are intended to be a part of any previously established Incremental Series) and that provide for identical terms, including the same All-In Yield and amortization schedule.

**“Income Taxes”** means, with respect to any Person, the foreign, federal, state and local taxes based on income or profits or capital, including state, franchise and similar taxes and withholding taxes of such Person (including any future taxes or other levies which replace or are intended to be in lieu of such taxes and any penalties and interest related to such taxes or arising from tax examinations) and the net tax expense associated with any adjustments pursuant to clauses (a) through (l) of the definition of Consolidated Net Income.

**“Incremental Amendment”** has the meaning specified in Section 2.16(f).

**“Incremental and Amendment and Restatement Agreement”** has the meaning specified in the preliminary statements of this Agreement.

**“Incremental Commitments”** has the meaning specified in Section 2.16(a).

**“Incremental Equivalent Debt”** has the meaning specified in Section 7.03(u).

**“Incremental Facility”** means any Facility consisting of Incremental Term Loans, Incremental Revolving Loans, Incremental Term Loan Commitments and/or Incremental Revolving Credit Commitments.

**“Incremental Facility Closing Date”** has the meaning specified in Section 2.16(d).

**“Incremental Lenders”** has the meaning specified in Section 2.16(c).

**“Incremental Loan”** has the meaning specified in Section 2.16(b).

**“Incremental Loan Request”** has the meaning specified in Section 2.16(a).

**“Incremental Revolving Credit Commitments”** has the meaning specified in Section 2.16(a).

**“Incremental Revolving Credit Lender”** has the meaning specified in Section 2.16(c).

**“Incremental Revolving Loan”** has the meaning specified in Section 2.16(b).

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**“Incremental Term Commitments”** has the meaning specified in Section 2.16(a).

**“Incremental Term Lender”** has the meaning specified in Section 2.16(c).

**“Incremental Term Loan”** has the meaning specified in Section 2.16(b).

**“Indebtedness”** means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) the maximum amount (after giving effect to any prior drawings or reductions which may have been reimbursed) of all outstanding letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts and accrued expenses payable in the ordinary course of business, (ii) any earn-out obligation or purchase price adjustment until such obligation is not paid after becoming due and payable and (iii) accruals for payroll and other liabilities accrued in the ordinary course of business);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements and mortgage, industrial revenue bond, industrial development bond and similar financings), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Attributable Indebtedness;
- (g) all obligations of such Person in respect of Disqualified Equity Interests; and
- (h) to the extent not otherwise included above, all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, except to the extent such Person’s liability for such Indebtedness is otherwise limited and only to the extent such Indebtedness would be included in the calculation of Consolidated Total Debt. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of Indebtedness

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of any Person for purposes of clause (e) above shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the Fair Market Value of the property encumbered thereby.

**“Indemnified Liabilities”** has the meaning specified in Section 10.05.

**“Indemnified Taxes”** means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

**“Indemnitees”** has the meaning specified in Section 10.05.

**“Independent Financial Advisor”** means an accounting firm, appraisal firm, investment banking firm or consultant of nationally recognized standing that is, in the good faith judgment of the Borrower, qualified to perform the task for which it has been engaged and that is disinterested with respect to the applicable transaction.

**“Information”** has the meaning specified in Section 10.08.

**“Intercompany Note”** means the Intercompany Note, substantially in the form of Exhibit J.

**“Intercreditor Agreements”** means the First Lien Intercreditor Agreement and the Second Lien Intercreditor Agreement, collectively, in each case to the extent in effect.

**“Interest Coverage Ratio”** means, as of any date of determination, with respect to the Borrower and the Restricted Subsidiaries on a consolidated basis, the ratio of (a) Consolidated EBITDA for the most recent Test Period to (b) Consolidated Interest Expense for the most recent Test Period.

**“Interest Payment Date”** means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date of the Facility under which such Loan was made; provided that if any Interest Period for a Eurocurrency Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each March, June, September and December and the Maturity Date of the Facility under which such Loan was made.

**“Interest Period”** means, as to each Eurocurrency Rate Loan, the period commencing on the date such Eurocurrency Rate Loan is disbursed or converted to or continued as a Eurocurrency Rate Loan and ending on the date one, two, three or six months thereafter, or to the extent agreed to by each Lender of such Eurocurrency Rate Loan, nine or twelve months or less than one month thereafter, as selected by the Borrower in its Committed Loan Notice; provided that:

- (a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;
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(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date of the Facility under which such Loan was made.

**“Internally Generated Cash”** means cash of the Borrower and the Restricted Subsidiaries not constituting (w) proceeds of the issuance of (or contributions in respect of) Equity Interests, (x) proceeds of the incurrence of Indebtedness (other than the incurrence of Revolving Credit Loans or extensions of credit under any other revolving credit or similar facility), (y) proceeds of Dispositions pursuant to Sections 7.05(k) and (s) and Casualty Events or (z) solely with respect to calculating Excess Cash Flow, proceeds of Dispositions pursuant to Section 7.05 (other than Sections 7.05(k) and (s)) to the extent such Dispositions were not included in the calculation of Consolidated Net Income.

**“Investment”** means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person (including by way of merger or consolidation), (b) a loan, advance or capital contribution to, Guarantee or assumption of Indebtedness of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. Subject to Section 6.14 (in the case of deemed Investments in Unrestricted Subsidiaries), for purposes of covenant compliance, the amount of any Investment shall be the amount actually invested (in the case of any non-cash asset invested, taking the Fair Market Value thereof at the time the investment is made), without adjustment for subsequent increases or decreases in the value of such Investment, less an amount equal to the aggregate Returns in respect of such Investment.

**“IP Rights”** has the meaning set forth in Section 5.15.

**“IRS”** means the United States Internal Revenue Service.

**“ISP”** means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

**“Joint Lead Arrangers”** means JPMorgan Chase Bank, N.A., Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, each in its capacity as a Joint Lead Arranger under this Agreement.

**“Joint Bookrunners”** means JPMorgan Chase Bank, N.A., Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, each in its capacity as a Joint Bookrunner under this Agreement.

**“Junior Financing”** has the meaning specified in Section 7.13.

**“Junior Financing Documentation”** means any documentation governing any Junior Financing.

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**“Latest Maturity Date”** means, at any date of determination, the latest Maturity Date applicable to any Loan or Commitment hereunder at such time, including the latest maturity date of any Extended Term Loan, Incremental Term Loan, Other Term Loan, Extended Revolving Credit Commitment, Incremental Revolving Credit Commitments or any Other Revolving Credit Commitments, in each case as extended in accordance with this Agreement from time to time.

**“Laws”** means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

**“L/C Advance”** means, with respect to each Revolving Credit Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Pro Rata Share.

**“L/C Borrowing”** means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Credit Borrowing.

**“L/C Credit Extension”** means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

**“L/C Issuer”** means JPMorgan Chase Bank, N.A. and any other Lender or Affiliate of a Lender that becomes an L/C Issuer in accordance with Section 2.03(k) or 10.07(j), in each case, in its capacity as an issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder. Any L/C Issuer may, in its discretion, arrange for one or more Letters of Credit to be issued by one or more Affiliates of such L/C Issuer (and such Affiliate shall be deemed to be an “L/C Issuer” for all purposes of the Loan Documents).

**“L/C Obligations”** means, as at any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings.

**“LCT Election”** has the meaning specified in Section 1.12.

**“LCT Test Date”** has the meaning specified in Section 1.12.

**“Lender”** has the meaning specified in the introductory paragraph to this Agreement and, as the context requires, includes an L/C Issuer and the Swing Line Lender, and their respective successors and assigns as permitted hereunder, each of which is referred to herein as a “Lender”.

**“Lending Office”** means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

**“Letter of Credit”** means any letter of credit issued hereunder. A Letter of Credit may be a commercial letter of credit or a standby letter of credit.

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**“Letter of Credit Application”** means an application and agreement for the issuance or amendment of a Letter of Credit, which shall be substantially in the form of Exhibit H or such other form as the relevant L/C Issuer may reasonably require.

**“Letter of Credit Expiration Date”** means the day that is five (5) Business Days prior to the scheduled Maturity Date then in effect for the Revolving Credit Facility (or, if such day is not a Business Day, the next preceding Business Day).

**“Letter of Credit Sublimit”** means an amount equal to the lesser of (a) \$10,000,000 and (b) the aggregate amount of the Revolving Credit Commitments. The Letter of Credit Sublimit is part of, and not in addition to, the Revolving Credit Facility.

**“LIBOR Floor”** has the meaning specified in the definition of “Eurocurrency Rate”.

**“Lien”** means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any Capitalized Lease having substantially the same economic effect as any of the foregoing); provided that in no event shall an operating lease in and of itself be deemed a Lien.

**“Limited Condition Transaction”** means any acquisition or Investment, including by way of merger or consolidation, of any assets, business or Person permitted by this Agreement that the Borrower or one or more of the Restricted Subsidiaries is contractually committed to consummate (it being understood that such commitment may be subject to conditions precedent, which conditions precedent may be amended, satisfied or waived in accordance with the terms of the applicable agreement) whose consummation is not conditioned upon the availability of, or on obtaining, third party financing.

**“Loan”** means an extension of credit by a Lender to the Borrower in the form of a Term Loan, a Revolving Credit Loan or a Swing Line Loan.

**“Loan Documents”** means, collectively, (i) this Agreement, (ii) the Notes, (iii) any Refinancing Amendment, Incremental Amendment or Extension Amendment, (iv) each Guaranty, (v) the Collateral Documents, (vi) the Intercompany Note, (vii) each Letter of Credit Application and (viii) after the execution and delivery thereof, each Intercreditor Agreement.

**“Loan Parties”** means, collectively, the Borrower and each Guarantor.

**“Management Stockholders”** means the members of management of the Borrower or its Subsidiaries who are investors in Holdings or any direct or indirect parent thereof.

**“Margin Stock”** has the meaning specified in Regulation U of the Board of Governors of the United States Federal Reserve system, or any successor thereto.

**“Master Agreement”** has the meaning specified in the definition of “Swap Contract”.

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**“Material Adverse Effect”** means (a) a material adverse effect on the business, operations, assets or financial condition of the Borrower and the Restricted Subsidiaries, taken as a whole, (b) a material adverse effect on the ability of the Loan Parties (taken as a whole) to perform their respective payment obligations under any Loan Document to which any of the Loan Parties is a party or (c) a material adverse effect on the rights and remedies of the Lenders or the Administrative Agent under the Loan Documents.

**“Material Real Property”** means any fee-owned real property located in the United States that is owned by any Loan Party with a Fair Market Value in excess of \$10,000,000 (at the Closing Date or, with respect to fee-owned real property located in the United States that is acquired after the Closing Date, at the time of acquisition).

**“Maturity Date”** means (a) with respect to the Revolving Credit Facility and Swing Line Loans, July 31, 2019; (b) with respect to the Term B Loans, the seventh anniversary of the Amendment and Restatement Effective Date, (c) with respect to any Class of Extended Term Loans or Extended Revolving Credit Commitments, the final maturity date as specified in the applicable Extension Request accepted by the respective Lender or Lenders, (d) with respect to any Other Term Loans or Other Revolving Credit Commitments, the final maturity date as specified in the applicable Refinancing Amendment and (e) with respect to any Incremental Loans or Incremental Revolving Credit Commitments, the final maturity date as specified in the applicable Incremental Amendment; provided that, in each case, if such day is not a Business Day, the applicable Maturity Date shall be the Business Day immediately succeeding such day.

**“Maximum Rate”** has the meaning specified in Section 10.10.

**“Moody’s”** means Moody’s Investors Service, Inc. and any successor thereto.

**“Mortgage”** means, collectively, the deeds of trust, trust deeds, hypothecs and mortgages made by the Loan Parties in favor or for the benefit of the Collateral Agent on behalf of the Secured Parties substantially in form and substance reasonably satisfactory to the Collateral Agent (taking account of relevant local Law matters), and any other mortgages executed and delivered pursuant to Section 6.11.

**“Mortgaged Properties”** has the meaning specified in paragraph (f) of the definition of “Collateral and Guarantee Requirement”.

**“Multiemployer Plan”** means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

**“Net Cash Proceeds”** means:

- (a) with respect to the Disposition of any asset by the Borrower or any Restricted Subsidiary or any Casualty Event, the excess, if any, of
  - (i) the sum of cash and Cash Equivalents received in connection with such Disposition or Casualty Event (including any cash or Cash Equivalents received by way of deferred payment of principal pursuant to, or by monetization of, a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when so received and, with respect to any Casualty Event, any insurance proceeds or condemnation awards in respect of such Casualty Event actually received by or
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paid to or for the account of the Borrower or any Restricted Subsidiary) over (ii) the sum of (A) the principal amount, premium or penalty, if any, interest, breakage costs and other amounts on any Indebtedness that is secured by the asset subject to such Disposition or Casualty Event and that is required to be repaid (and is timely repaid) in connection with such Disposition or Casualty Event (other than Indebtedness under, or that is secured by, the Loan Documents, Credit Agreement Refinancing Indebtedness or Incremental Equivalent Debt), (B) the out-of-pocket fees and expenses (including attorneys' fees, accountants' fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer Taxes, deed or mortgage recording taxes, other customary expenses and brokerage, consultant and other customary fees) actually incurred by the Borrower or such Restricted Subsidiary in connection with such Disposition or Casualty Event, (C) Taxes (or Restricted Payments that are made in respect of Taxes permitted hereunder) paid or reasonably estimated to be actually payable in connection therewith (including Taxes imposed on the actual or deemed distribution or repatriation of any such Net Cash Proceeds), (D) in the case of any Disposition or Casualty Event by a non-wholly owned Restricted Subsidiary, the pro rata portion of the Net Cash Proceeds thereof (calculated without regard to this clause (D)) attributable to minority interests and not available for distribution to or for the account of the Borrower or a wholly owned Restricted Subsidiary as a result thereof, and (E) any reserve for adjustment in respect of (x) the sale price of such asset or assets established in accordance with GAAP and (y) any liabilities associated with such asset or assets and retained by the Borrower or any Restricted Subsidiary 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 and it being understood that "Net Cash Proceeds" shall include any cash or Cash Equivalents (i) received upon the Disposition of any non-cash consideration received by the Borrower or any Restricted Subsidiary in any such Disposition and (ii) upon the reversal (without the satisfaction of any applicable liabilities in cash in a corresponding amount) of any reserve described above; provided that (x) no net cash proceeds calculated in accordance with the foregoing realized in a single transaction or series of related transactions shall constitute Net Cash Proceeds unless such net cash proceeds shall exceed \$5,000,000 and (y) no such net cash proceeds shall constitute Net Cash Proceeds under this clause (a) in any fiscal year until the aggregate amount of all such net cash proceeds in such fiscal year shall exceed \$15,000,000 (and thereafter only net cash proceeds in excess of such amount shall constitute Net Cash Proceeds under this clause (a)); and

(b) with respect to the incurrence or issuance of any Indebtedness by the Borrower or any Restricted Subsidiary or issuance of Equity Interests, the excess, if any, of (i) the sum of the cash received in connection with such incurrence or issuance over (ii) all Taxes paid or reasonably estimated to be payable as a result thereof (including Taxes imposed on the actual or deemed distribution or repatriation of any such Net Cash Proceeds), fees (including, the investment banking fees, underwriting fees and discounts), commissions, costs and other out-of-pocket expenses and other customary expenses, in each case incurred by the Borrower or such Restricted Subsidiary in connection with such incurrence or issuance (and with respect to any issuance of Equity Interests by any direct or indirect parent of the Borrower, the amount of cash from such issuance of Equity Interests contributed to the capital of the Borrower).

"Non-Cash Charges" has the meaning specified in the definition of the term "Consolidated EBITDA".

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**“Non-Consenting Lender”** has the meaning specified in Section 3.07.

**“Non-Defaulting Lender”** means, at any time, a Lender that is not a Defaulting Lender.

**“Non-Expiring Credit Commitment”** has the meaning specified in Section 2.04(g).

**“Non-Loan Party”** means any Restricted Subsidiary that is not a Loan Party.

**“Nonrenewal Notice Date”** has the meaning specified in Section 2.03(b)(iii).

**“Note”** means a Term Note, a Revolving Credit Note or a Swing Line Note, as the context may require.

**“NPL”** means the National Priorities List under CERCLA.

**“Obligations”** means all (x) advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party and its Subsidiaries arising under any Loan Document (including each Guaranty) or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising, (y) obligations of any Loan Party and its Subsidiaries arising under any Secured Hedge Agreement and (z) Cash Management Obligations, in each of clauses (x), (y) and (z) including interest, fees and expenses that accrue after the commencement by or against any Loan Party or Subsidiary of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, fees or expenses are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents (and of their Subsidiaries to the extent they have obligations under the Loan Documents) include (a) the obligation (including guarantee obligations) to pay principal, premium, interest, Letter of Credit commissions, reimbursement obligations, charges, expenses, fees, Attorney Costs, indemnities and other amounts payable by any Loan Party or its Subsidiaries under any Loan Document and (b) the obligation of any Loan Party or any of its Subsidiaries to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party or such Subsidiary.

**“OFAC”** has the meaning specified in Section 5.20(c).

**“Offered Amount”** has the meaning specified in Section 2.06(a)(iv)(D)(1).

**“Offered Discount”** has the meaning specified in Section 2.06(a)(iv)(D)(1).

**“Organization Documents”** means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and, if applicable, any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

**“Other Applicable Indebtedness”** has the meaning specified in Section 2.06(b)(ii).

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**“Other Revolving Credit Commitments”** means one or more Classes of Revolving Credit Commitments hereunder that result from a Refinancing Amendment.

**“Other Revolving Credit Loans”** means one or more Classes of Revolving Credit Loans that result from a Refinancing Amendment.

**“Other Taxes”** means all present or future stamp, court or documentary, intangible, excise, recording, filing or similar Taxes that arise from any payment made under any Loan Document, from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document, except for any such Tax imposed in connection with an assignment (other than an assignment pursuant to Section 3.06(a)), transfer, sale of participation or other voluntary transfer and except, for the avoidance of doubt, any Excluded Taxes.

**“Other Term Loan Commitments”** means one or more Classes of Term Loan Commitments hereunder to fund Other Term Loans of the applicable Refinancing Series hereunder that result from a Refinancing Amendment.

**“Other Term Loans”** means one or more Classes of Term Loans that result from a Refinancing Amendment.

**“Outstanding Amount”** means (a) with respect to the Term Loans, Revolving Credit Loans and Swing Line Loans on any date, the outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Term Loans, Revolving Credit Loans (including any refinancing of outstanding unpaid drawings under Letters of Credit or L/C Credit Extensions as a Revolving Credit Borrowing) and Swing Line Loans, as the case may be, occurring on such date; and (b) with respect to any L/C Obligations on any date, the outstanding amount thereof on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes thereto as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit (including any refinancing of outstanding unpaid drawings under Letters of Credit or L/C Credit Extensions as a Revolving Credit Borrowing) or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

**“Participant”** has the meaning specified in Section 10.07(e).

**“Participant Register”** has the meaning specified in Section 10.07(e).

**“Participating Lender”** has the meaning specified in Section 2.06(a)(iv)(C)(2).

**“PBGC”** means the Pension Benefit Guaranty Corporation.

**“Pension Plan”** means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Section 412 of the Code or Section 302 or Title IV of ERISA and is sponsored or maintained by any Loan Party or any ERISAAffiliate or to which any Loan Party or any ERISAAffiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five (5) plan years.

**“Permitted Acquisition”** has the meaning specified in Section 7.02(i).

**“Permitted Holder”** means any of (i) the Sponsor and (ii) the Management Stockholders; provided that if the Management Stockholders own beneficially or of record more than ten percent (10%) of the outstanding voting stock of

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Holdings in the aggregate, they shall be treated as Permitted Holders of only ten percent (10%) of the outstanding voting stock of Holdings at such time.

**“Permitted Holdings Refinancing Debt”** means any Indebtedness incurred by the Borrower or any Subsidiary Guarantor permitted under Section 7.03; provided, that such Indebtedness (i)(x) is secured on a junior basis to the Obligations or (y) is unsecured, (ii) will not mature prior to the date that is ninety-one (91) days after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness, (iii) the documentation for such Indebtedness contains no mandatory prepayment, repurchase or redemption provisions (except with respect to change of control, asset sale and event of loss mandatory offers to purchase or mandatory prepayments and customary acceleration rights after an event of default) prior to the date that is ninety-one (91) days after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness (other than, in the case of clause (x), for annual nominal amortization payments not to exceed 1% of the original aggregate principal amount of such Indebtedness), (iv) in the case of clause (x), shall be subject to a Second Lien Intercreditor Agreement and (v) the documentation with respect to any such Indebtedness shall contain terms and conditions (other than with respect to pricing, fees, premiums and optional prepayment or redemption terms) not materially more restrictive (taken as a whole) in respect to the Borrower and the Restricted Subsidiaries than those set forth in this Agreement (except for covenants or other provisions applicable only to periods after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness).

**“Permitted Junior Secured Refinancing Debt”** means any secured Indebtedness incurred by the Borrower in the form of one or more series of second lien (or other junior lien) secured notes or second lien (or other junior lien) secured loans; provided that (i) such Indebtedness is secured by the Collateral on a second priority (or other junior priority) basis to the liens securing the Obligations, is not secured by any property or assets of Holdings, the Borrower or any Restricted Subsidiary other than the Collateral, and the security agreements relating to such Indebtedness are substantially the same as or more favorable to the Loan Parties than the Collateral Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (ii) such Indebtedness is not at any time guaranteed by any Person other than a Guarantor, (iii) a Senior Representative acting on behalf of the holders of such Indebtedness shall have become party to or otherwise subject to the provisions of a Second Lien Intercreditor Agreement; provided that if such Indebtedness is the initial Permitted Junior Secured Refinancing Debt incurred by the Borrower, then the Borrower, the Administrative Agent and the Senior Representative for such Indebtedness shall have executed and delivered a Second Lien Intercreditor Agreement and (iv) in the case of any notes, such Indebtedness does not mature or have scheduled amortization or payments of principal (other than customary offers to repurchase and prepayment events upon a change of control, asset sale or event of loss and a customary acceleration right after an event of default) prior to the Latest Maturity Date at the time such Indebtedness is incurred.

**“Permitted Liens”** means any Lien permitted to be outstanding pursuant to Section 7.01.

**“Permitted Non-Loan Party Indebtedness Amount”** means (a) the greater of (i) \$225,000,000 and (ii) the product of (x) 1.25 and (y) Consolidated EBITDA for the most recent Test Period, calculated on a Pro Forma Basis, minus (b) the aggregate principal amount of all Indebtedness (including any Permitted Refinancing thereof) of Non-Loan Parties which is outstanding at any time under Sections 7.03(h)(B), (n), (w), (x) and (y)(i) and, without duplication, the aggregate amount of Guarantees outstanding at any time by Non-Loan Parties of Indebtedness of the Borrower or any Subsidiary Guarantor outstanding at any time under Sections 7.03(h)(B), (n), (u), (w), (x) and (y)(i).

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**“Permitted Pari Passu Secured Refinancing Debt”** means any secured Indebtedness incurred by the Borrower in the form of one or more series of senior secured loans or notes; provided that (i) such Indebtedness is secured by the Collateral on a *pari passu* basis (but without regard to the control of remedies) with the Obligations and is not secured by any property or assets of Holdings, the Borrower or any Restricted Subsidiary other than the Collateral and the security agreements relating to such Indebtedness are substantially the same as or more favorable to the Loan Parties than the Collateral Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (ii) such Indebtedness is not at any time guaranteed by any Person other than a Guarantor, (iii) a Senior Representative acting on behalf of the holders of such Indebtedness shall have become party to or otherwise subject to the provisions of a First Lien Intercreditor Agreement; provided further that if such Indebtedness is the initial Permitted Pari Passu Secured Refinancing Debt incurred by the Borrower, then the Borrower, the Administrative Agent and the Senior Representative for such Indebtedness shall have executed and delivered a First Lien Intercreditor Agreement and (iv) in the case of any notes, such Indebtedness does not mature or have scheduled amortization or payments of principal (other than customary offers to repurchase and prepayment events upon a change of control, asset sale or event of loss and a customary acceleration right after an event of default) prior to the date that is the Latest Maturity Date at the time such Indebtedness is incurred.

**“Permitted Ratio Debt”** means any unsecured Indebtedness incurred by the Borrower or any Subsidiary Guarantor or any Indebtedness incurred by any Restricted Subsidiary that is not a Guarantor so long as the Total Net Leverage Ratio for the Borrower’s most recently ended Test Period preceding the date on which such additional Indebtedness is incurred would have been no greater than 5.50 to 1.00, determined on a Pro Forma Basis; provided, that, in the case of any unsecured Indebtedness incurred by the Borrower or any Subsidiary Guarantor, such Indebtedness does not mature or, in the case of any notes, have scheduled amortization or payments of principal (other than customary offers to repurchase and prepayment events upon a change of control, asset sale or event of loss and a customary acceleration right after an event of default) prior to the date that is 91 days after the Latest Maturity Date with respect to Term Loans at the time such Indebtedness is incurred; provided, however, that any such Indebtedness may be incurred in the form of a customary “bridge” or other interim credit facility intended to be refinanced or replaced with long-term indebtedness which does not satisfy the requirements of the preceding proviso so long as, subject to customary conditions, it would either be automatically converted into or required to be exchanged for permanent financing which satisfies the requirements of the preceding proviso.

**“Permitted Refinancing”** means, with respect to any Person, any modification, refinancing, refunding, renewal, extension or replacement of any Indebtedness of such Person (including, for the avoidance of doubt, any one or more successive modifications, refinancings, refundings, renewals, extensions or replacements); provided that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed, extended or replaced except by an amount equal to unpaid accrued interest and premium (including tender premiums) thereon plus other reasonable amounts paid (including original issue discount and upfront fees), and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal, extension or replacement and by an amount equal to any existing commitments unutilized thereunder, (b) other than with respect to a Permitted Refinancing in respect of Indebtedness permitted pursuant to Section 7.03(e), such modification, refinancing, refunding, renewal, extension or replacement has a final maturity equal to or later than the final maturity of the Indebtedness being modified, refinanced, refunded, renewed, extended or replaced (or, if earlier, the date that is 91 days after the Latest Maturity Date), and has a Weighted Average Life to Maturity no shorter than the remaining Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed, extended or replaced (as originally in effect prior to any

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amortization or prepayments thereof), (c) other than with respect to a Permitted Refinancing in respect of Indebtedness permitted pursuant to Section 7.03(e), at the time thereof, no Event of Default shall have occurred and be continuing and (d) such modification, refinancing, refunding, renewal, extension or replacement is incurred or guaranteed only by Persons who were the obligors or guarantors of the Indebtedness being modified, refinanced, refunded, renewed, extended or replaced and such new or additional obligors or guarantors that are or become Loan Parties.

**“Permitted Unsecured Refinancing Debt”** means unsecured Indebtedness incurred by the Borrower in the form of one or more series of unsecured notes or loans; provided that such Indebtedness (i) constitutes Credit Agreement Refinancing Indebtedness, (ii) in the case of any notes, does not mature or have scheduled amortization or payments of principal (other than customary offers to repurchase and prepayment events upon a change of control, asset sale or event of loss and a customary acceleration right after an event of default), in each case prior to the Latest Maturity Date at the time such Indebtedness is incurred and (iii) is not at any time guaranteed by any Person other than a Guarantor.

**“Person”** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

**“Principal L/C Issuer”** means JPMorgan Chase Bank, N.A. and any L/C Issuer that has issued Letters of Credit having an aggregate Outstanding Amount in excess of \$500,000.

**“primary obligor”** has the meaning specified in the definition of “Guarantee”.

**“Pro Forma Basis”**, **“Pro Forma Compliance”** and **“Pro Forma Effect”** mean, with respect to compliance with any test or covenant or calculation of any ratio hereunder, the determination or calculation of such test, covenant or ratio (including in connection with Specified Transactions) in accordance with Section 1.11.

**“Pro Rata Share”** means, with respect to each Lender at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Commitment and, if applicable and without duplication, Term Loans of such Lender under the applicable Facility or Facilities at such time and the denominator of which is the amount of the Aggregate Commitments of all Lenders under the applicable Facility or Facilities at such time and, if applicable and without duplication, Term Loans of all Lenders under the applicable Facility or Facilities at such time; provided that, in the case of a Revolving Credit Facility, if such Commitment has been terminated, then the Pro Rata Share of each Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof.

**“Qualified Equity Interests”** means any Equity Interests that are not Disqualified Equity Interests.

**“Qualifying Lender”** has the meaning specified in Section 2.06(a)(iv)(D)(3).

**“Recipient”** means (a) the Administrative Agent, (b) any Lender, (c) any L/C Issuer and (d) the Swing Line Lender (if any).

**“Refinanced Debt”** has the meaning specified in the definition of Credit Agreement Refinancing Indebtedness.

**“Refinanced Term Loans”** has the meaning specified in Section 10.01.

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**“Refinancing Amendment”** means an amendment to this Agreement executed by each of (a) the Borrower, (b) the Administrative Agent, (c) each Additional Refinancing Lender and (d) each Lender that agrees to provide any portion of Other Term Loans, Other Term Loan Commitments, Other Revolving Credit Commitments or Other Revolving Credit Loans incurred pursuant thereto, in accordance with Section 2.17.

**“Refinancing Series”** means all Other Term Loans or Other Term Loan Commitments that are established pursuant to the same Refinancing Amendment (or any subsequent Refinancing Amendment to the extent such Refinancing Amendment expressly provides that the Other Term Loans or Other Term Loan Commitments provided for therein are intended to be a part of any previously established Refinancing Series) and that provide for the same amortization schedule.

**“Register”** has the meaning specified in Section 10.07(d).

**“Regulation D”** shall mean Regulation D of the FRB as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

**“Rejected Amounts”** has the meaning specified in Section 2.06(b)(ix).

**“Rejection Notice”** has the meaning specified in Section 2.06(b)(ix).

**“Replacement Term Loans”** has the meaning specified in Section 10.01.

**“Reportable Event”** means any of the events set forth in Section 4043(c) of ERISA or the regulations issued thereunder, other than events for which the thirty (30) day notice period has been waived.

**“Repricing Transaction”** means (i) any prepayment, refinancing, substitution or replacement of all or a portion of the Term B Loans with the incurrence by Holdings, the Borrower or any Subsidiary of any debt financing (including any Replacement Term Loans) the primary purpose of which is to reduce the All-In Yield of such debt financing relative to the All-In Yield of such Term B Loans so repaid, refinanced, substituted or replaced and (ii) any amendment to this Agreement the primary purpose of which is to reduce the All-In Yield applicable to the Term B Loans; but excluding, in any such case, any refinancing of Term B Loans in connection with a Change of Control or a Transformative Acquisition.

**“Request for Credit Extension”** means (a) with respect to a Borrowing, conversion or continuation of Term Loans or Revolving Credit Loans, a Committed Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

**“Required Facility Lenders”** means, as of any date of determination, with respect to one or more Facilities, Lenders having more than 50% of the sum of (a) the Total Outstandings under such Facility or Facilities (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans, as applicable, under such Facility or Facilities being deemed “held” by such Lender for purposes of this definition) and (b) the aggregate unused Commitments under such Facility or Facilities; provided that the unused Commitments of, and the portion of the Total Outstandings under such Facility or Facilities held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of the Required Facility Lenders; provided, further, that, to the same extent specified in Section 10.07(l) with respect to determination of Required Lenders, the Loans of any Affiliated Lender shall in each case be excluded for purposes of making a determination of Required Facility Lenders.

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**“Required Lenders”** means, as of any date of determination, Lenders having more than 50% of the sum of the (a) Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition), (b) aggregate unused Term Commitments and (c) aggregate unused Revolving Credit Commitments, provided that the unused Commitments of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders, provided, further, that the Loans of any Affiliated Lender shall in each case be excluded for purposes of making a determination of Required Lenders as set forth in Section 10.07(l).

**“Required Revolving Lenders”** means, as of any date of determination, Revolving Credit Lenders having more than 50% of the sum of the (a) Total Outstandings with respect to the Revolving Credit Loans, Swing Line Loans and L/C Obligations (with the aggregate amount of each Revolving Credit Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition) and (b) aggregate unused Revolving Credit Commitments, provided that the Revolving Credit Commitments of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Revolving Lenders.

**“Responsible Officer”** means the chief executive officer, president, vice president, chief financial officer, treasurer or assistant treasurer or other similar officer of a Loan Party and, as to any document delivered on the Closing Date, any secretary or assistant secretary of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

**“Restricted Payment”** means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of the Borrower or any Restricted Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to the Borrower’s stockholders, partners or members (or the equivalent Persons thereof).

**“Restricted Subsidiary”** means any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

**“Returns”** means, with respect to any Investment, any repayments, interest, returns, profits, distributions, proceeds, fees and similar amounts actually received in cash or Cash Equivalents (or actually converted into cash or Cash Equivalents) by the Borrower or any of the Restricted Subsidiaries; provided that, with respect to any Investment permitted under Section 7.02, the aggregate amount of repayments, interest, returns, profits, distributions, proceeds, fees and similar amounts constituting Returns shall not exceed the original amount of such Investment made pursuant to such Section.

**“Revolver Extension Request”** has the meaning specified in Section 2.15(b).

**“Revolver Extension Series”** has the meaning specified in Section 2.15(b).

**“Revolving Commitment Increase”** has the meaning specified in Section 2.16(a).

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**“Revolving Credit Borrowing”** means a borrowing consisting of simultaneous Revolving Credit Loans of the same Type and, in the case of Eurocurrency Rate Loans, having the same Interest Period made by each of the Revolving Credit Lenders pursuant to Section 2.01.

**“Revolving Credit Commitment”** means, as to each Revolving Credit Lender, its obligation to (a) make Revolving Credit Loans to the Borrower pursuant to Section 2.01(b), (b) purchase participations in L/C Obligations in respect of Letters of Credit and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 under the caption “Revolving Credit Commitment” or in the Assignment and Assumption Agreement pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement (including Section 10.07(b)). The aggregate Revolving Credit Commitments of all Revolving Credit Lenders shall be \$225,000,000 as of the Extension and Incremental Amendment Effective Date, as such amount may be adjusted from time to time in accordance with the terms of this Agreement.

**“Revolving Credit Exposure”** means, at any time, as to each Revolving Credit Lender, the sum of the outstanding principal amount of such Revolving Credit Lender’s Revolving Credit Loans at such time and its Pro Rata Share of the L/C Obligations and the Swing Line Obligations at such time.

**“Revolving Credit Facility”** means, at any time, the aggregate amount of the Revolving Credit Lenders’ Revolving Credit Commitments at such time.

**“Revolving Credit Lender”** means, at any time, any Lender that has a Revolving Credit Commitment at such time or, if the Revolving Credit Commitments have been terminated, which has outstanding Revolving Credit Loans or other Revolving Credit Exposure at such time.

**“Revolving Credit Loan”** has the meaning specified in Section 2.01(b).

**“Revolving Credit Note”** means, as the context requires, a promissory note of the Borrower payable to any Revolving Credit Lender or its registered assigns, in substantially the form of Exhibit C-2 evidencing the aggregate Indebtedness of the Borrower to such Revolving Credit Lender resulting from the Revolving Credit Loans made by such Revolving Credit Lender.

**“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

**“Same Day Funds”** means, with respect to disbursements and payments, immediately available funds in Dollars.

**“SEC”** means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

**“Second Lien Intercreditor Agreement”** means an intercreditor agreement substantially in the form of Exhibit S hereto (which agreement in such form or with changes that are immaterial to the interests of the Lenders thereto the Administrative Agent is authorized to enter into) together with any changes material to the interests of the Lenders thereto,

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which such changes shall be posted to the Lenders not less than five (5) Business Days before execution thereof and, if the Required Lenders shall not have objected to such changes within five (5) Business Days after posting, then the Required Lenders shall be deemed to have agreed that the Administrative Agent's entry into such intercreditor agreement (with such changes) is reasonable and to have consented to such intercreditor agreement (with such changes) and to the Administrative Agent's execution thereof.

**"Secured Hedge Agreement"** means any Swap Contract permitted under Article VII that is entered into by and between any Loan Party or any Restricted Subsidiary and any Hedge Bank.

**"Secured Obligations"** has the meaning specified in the Security Agreement.

**"Secured Parties"** means, collectively, the Administrative Agent, the Collateral Agent, the Lenders, the Hedge Banks, the Cash Management Banks, the Supplemental Administrative Agent and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.01(c).

**"Securities Act"** means the Securities Act of 1933, as amended.

**"Security Agreement"** means, collectively, the Security Agreement executed by the Loan Parties, substantially in the form of Exhibit G, together with each other security agreement supplement executed and delivered pursuant to Section 6.11.

**"Security Agreement Supplement"** has the meaning specified in the Security Agreement.

**"Senior Subordinated Notes"** means the Borrower's 11.5% senior subordinated notes due 2018 issued from time to time pursuant to the Senior Subordinated Notes Indenture.

**"Senior Subordinated Notes Indenture"** means that certain Indenture, dated as of May 28, 2008, between the Borrower and Wilmington Trust Company, a Delaware banking corporation, as trustee, as amended.

**"Senior Representative"** means, with respect to any series of Permitted Pari Passu Secured Refinancing Debt, Permitted Junior Secured Refinancing Debt, secured Incremental Equivalent Debt or other secured Indebtedness permitted to be incurred under Section 7.03, the trustee, administrative agent, collateral agent, security agent or similar agent under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

**"Solicited Discounted Prepayment Amount"** has the meaning specified in Section 2.06(a)(iv)(D)(1).

**"Solicited Discounted Prepayment Notice"** means a written notice of the Borrower of Solicited Discounted Prepayment Offers made pursuant to Section 2.06(a)(iv)(D) substantially in the form of Exhibit M.

**"Solicited Discounted Prepayment Offer"** means the irrevocable written offer by each Lender, substantially in the form of Exhibit P, submitted following the Administrative Agent's receipt of a Solicited Discounted Prepayment Notice.

**"Solicited Discounted Prepayment Response Date"** has the meaning specified in Section 2.06(a)(iv)(D)(1).

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**“Solicited Discount Proration”** has the meaning specified in Section 2.06(a)(iv)(D)(3).

**“Solvent”** and **“Solvency”** mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to generally pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

**“SPC”** has the meaning specified in Section 10.07(h).

**“Specified Acquisition”** means each acquisition by the Borrower or one of its Restricted Subsidiaries of all or any portion of the remaining Equity Interests of the Specified Acquisition Target not held by the Borrower or one of its Restricted Subsidiaries on the Closing Date.

**“Specified Acquisition Guaranties”** means guarantees by Holdings, the Borrower or any of the Restricted Subsidiaries of obligations to acquire Equity Interests of the Specified Acquisition Target.

**“Specified Acquisition Target”** means Odemon B.V. and any successor thereto.

**“Specified Default”** means any Event of Default under Section 8.01(a) or (f).

**“Specified Discount”** has the meaning specified in Section 2.06(a)(iv)(B)(1).

**“Specified Discount Prepayment Amount”** has the meaning specified in Section 2.06(a)(iv)(B)(1).

**“Specified Discount Prepayment Notice”** means a written notice of the Borrower Offer of Specified Discount Prepayment made pursuant to Section 2.06(a)(iv)(B) substantially in the form of Exhibit O.

**“Specified Discount Prepayment Response”** means the irrevocable written response by each Lender, substantially in the form of Exhibit O, to a Specified Discount Prepayment Notice.

**“Specified Discount Prepayment Response Date”** has the meaning specified in Section 2.06(a)(iv)(B)(1).

**“Specified Discount Proration”** has the meaning specified in Section 2.06(a)(iv)(B)(3).

**“Specified Representations”** means the representations and warranties set forth in Sections 5.01(a) (with respect to organizational existence only), 5.02 (other than clauses (b) and (c) thereof), 5.04, 5.13, 5.16, 5.17 and 5.19 (subject to modification as relates to the Collateral being acquired by the applicable Incremental Lenders holding more than 50% of the aggregate Incremental Commitments under the relevant Incremental Amendment).

**“Specified Transaction”** means (i) any Investment that results in a Person becoming a Restricted Subsidiary, (ii) any designation of a Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary, (iii) any Permitted Acquisition,

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(iv) any Disposition that results in a Restricted Subsidiary ceasing to be a Subsidiary of the Borrower, (v) any Investment constituting an acquisition of assets constituting a business unit, line of business or division of, or all or substantially all of the Equity Interests of, another Person, (vi) any Disposition of a business unit, line of business or division of the Borrower or a Restricted Subsidiary, in each case whether by merger, consolidation, amalgamation or otherwise or (vii) any incurrence or repayment of Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility or line of credit, unless such Indebtedness (x) has been permanently repaid and has not been replaced or (y) the proceeds therefrom are used for other than working capital purposes or general corporate purposes in the ordinary course of business), Restricted Payment, Incremental Revolving Credit Commitment, Incremental Revolving Loan or Incremental Term Loan that by the terms of this Agreement requires such test to be calculated on a “Pro Forma Basis” or after giving “Pro Forma Effect” or that requires “Pro Forma Compliance”.

**“Sponsor”** means any of Bain Capital, LLC, any of its Affiliates (other than any portfolio companies) and any investment funds advised or managed by any of the foregoing.

**“Sponsor Management Agreement”** means that certain Management Agreement, dated as of May 28, 2008, among Bright Horizons Family Solutions Inc., Holdings, the Borrower and Bain Capital Partners, LLC, as the same may be amended, supplemented, replaced or otherwise modified, but only to the extent that any such amendment, supplement, replacement or modification does not increase the obligations of Holdings or the Borrower to make any payments thereunder.

**“Submitted Amount”** has the meaning specified in Section 2.06(a)(iv)(C)(1).

**“Submitted Discount”** has the meaning specified in Section 2.06(a)(iv)(C)(1).

**“Subsidiary”** of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

**“Subsidiary Guarantor”** means, collectively, the Subsidiaries of the Borrower that are Guarantors.

**“Subsidiary Guaranty”** means, collectively, (a) the Subsidiary Guaranty made by the Subsidiary Guarantors in favor of the Administrative Agent on behalf of the Secured Parties, substantially in the form of Exhibit F and (b) each other guaranty and guaranty supplement delivered pursuant to Section 6.11. For avoidance of doubt, and notwithstanding anything herein to the contrary, the Borrower in its sole discretion may cause any Restricted Subsidiary that is not a Guarantor to Guarantee the Obligations by causing such Restricted Subsidiary to execute and deliver to the Administrative Agent a Guaranty Supplement and a Security Agreement Supplement, and any such Restricted Subsidiary shall be a Guarantor, Loan Party and Subsidiary Guarantor hereunder for all purposes until such time, if any, as such Restricted Subsidiary shall be released from the Subsidiary Guaranty.

**“Successor Company”** has the meaning specified in Section 7.04(d).

**“Supplemental Administrative Agent”** has the meaning specified in Section 9.13 and “Supplemental Administrative Agents” shall have the corresponding meaning.

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**“Swap Contract”** means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward contracts, future 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, and (b) 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.

**“Swap Termination Value”** means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contract has been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contract, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

**“Swing Line Borrowing”** means a borrowing of a Swing Line Loan pursuant to Section 2.04.

**“Swing Line Facility”** means the revolving credit facility made available by the Swing Line Lender pursuant to Section 2.04.

**“Swing Line Lender”** means a Lender appointed by the Borrower as swing line lender, in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

**“Swing Line Loan”** has the meaning specified in Section 2.04(a).

**“Swing Line Loan Notice”** means a notice of a Swing Line Borrowing pursuant to Section 2.04(b), which, if in writing, shall be substantially in the form of Exhibit B.

**“Swing Line Note”** means a promissory note of the Borrower payable to any Swing Line Lender or its registered assigns, in substantially the form of Exhibit C-3, evidencing the aggregate Indebtedness of the Borrower to such Swing Line Lender resulting from the Swing Line Loans made by such Swing Line Lender.

**“Swing Line Obligations”** means, as at any date of determination, the aggregate principal amount of all Swing Line Loans outstanding.

**“Swing Line Sublimit”** means an amount equal to the lesser of (a) \$30,000,000 and (b) the aggregate amount of the Revolving Credit Commitments. The Swing Line Sublimit is part of, and not in addition to, the Revolving Credit Commitments.

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**“Syndication Agent”** means each of Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as co-Syndication Agents under this Agreement.

**“Taxes”** means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**“Term B Loans”** means the Effective Date Term B Loans (including, if funded, the Delayed Draw Term B Loans).

**“Term B Commitments”** means, (i) as to each Effective Date Term B Lender, its Effective Date Term B Commitment, (ii) as to each Delayed Draw Term B Lender, its Delayed Draw Term B Commitment.

**“Term B Lender”** means, at any time, any Lender that has a Term B Commitment or an outstanding Term B Loan at such time.

**“Term Borrowing”** means a borrowing consisting of simultaneous Term Loans of the same Type and, in the case of Eurocurrency Rate Loans, having the same Interest Period made by each of the Term Lenders pursuant to Section 2.01 or under any Incremental Amendment, Extension Amendment or Refinancing Amendment.

**“Term Commitment”** means a Term B Commitment, an Incremental Term Commitment of a given Incremental Series, an Extended Term Loan Commitment of a given Extension Series or an Other Term Loan Commitment, as the context may require.

**“Term Facility”** means any Facility consisting of Term Loans and/or Term Commitments.

**“Term Lender”** means, at any time, any Lender that has a Term Commitment or an outstanding Term Loan at such time.

**“Term Loan”** means any Term B Loan, any Extended Term Loan, any Incremental Term Loan or any Other Term Loan, as the context may require.

**“Term Loan Extension Request”** has the meaning specified in Section 2.15(a).

**“Term Loan Extension Series”** has the meaning specified in Section 2.15(a).

**“Term Loan Increase”** has the meaning specified in Section 2.16(a).

**“Term Note”** means, as the context requires, a promissory note of the Borrower payable to any Term Lender or its registered assigns, in substantially the form of Exhibit C-1 evidencing the aggregate Indebtedness of the Borrower to such Term Lender resulting from the Term Loans made by such Term Lender.

**“Test Period”** in effect at any time means the most recent period of four consecutive fiscal quarters of the Borrower ended on or prior to such time (taken as one accounting period) in respect of which financial statements for each quarter or fiscal year in such period have been or are required to be delivered pursuant to Section 6.01(a) or (b), as applicable; provided that, prior to the first date that financial statements have been or are required to be delivered pursuant to Section 6.01(a) or (b), the Test Period in effect shall be the period of four consecutive fiscal quarters of the Borrower ended September 30,

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2012. A Test Period may be designated by reference to the last day thereof (i.e., the “September 30, 2016 Test Period” refers to the period of four consecutive fiscal quarters of the Borrower ended September 30, 2016), and a Test Period shall be deemed to end on the last day thereof.

“**Threshold Amount**” means \$50,000,000.

“**Total Assets**” means, as of any date of determination, the total assets of the Borrower and the Restricted Subsidiaries on a consolidated basis in accordance with GAAP, as shown on the most recent balance sheet of the Borrower delivered pursuant to Section 6.01(a) or (b) (and, in the case of any determination relating to any incurrence of Indebtedness or any Investment or other acquisition, on a Pro Forma Basis including any property or assets being acquired in connection therewith); it being understood that, (i) for the avoidance of doubt, the calculation of the Total Assets at any time shall exclude the equity value of all Unrestricted Subsidiaries at such time and (ii) for purposes of determining compliance of a transaction with any restriction set forth in Article VII that is based upon a specified percentage of Total Assets, compliance of such transaction with the applicable restriction shall be determined solely with reference to Total Assets as determined above in this definition as of the date of such transaction or, for the period prior to the time any such balance sheet is delivered pursuant to Section 6.01(a) or (b), the consolidated balance sheet in the most recent Unaudited Financial Statements.

“**Total Net Leverage Ratio**” means, with respect to any date of determination, the ratio of (a) Consolidated Total Debt as of such date to (b) Consolidated EBITDA for the most recent Test Period.

“**Total Outstandings**” means, at any time, the aggregate Outstanding Amount of all Loans and all L/C Obligations at such time.

“**Transaction**” means the transactions related to or incidental to, consisting of or in connection with (a) the borrowings hereunder on the Closing Date, (b) the refinancing and termination of the 2008 Credit Agreement, (c) the redemption and discharge of the Senior Subordinated Notes, (d) the redemption and discharge of the outstanding 13% senior notes due 2018 issued by Holdings and the initial public offering of the common stock of Bright Horizons Family Solutions Inc. and (e) the payment of Transaction Expenses.

“**Transaction Expenses**” means any fees or expenses incurred or paid by Holdings, any direct or indirect parent holding company of Holdings, the Borrower or any Restricted Subsidiary in connection with the Transaction, this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby.

“**Transformative Acquisition**” means any acquisition by the Borrower or any Restricted Subsidiary which requires an amendment, modification or waiver of the terms of this Agreement in order to consummate such acquisition.

“**Type**” means, with respect to a Loan, its character as a Base Rate Loan or a Eurocurrency Rate Loan.

“**Unaudited Financial Statements**” means the unaudited consolidated balance sheets and related statements of income and cash flows of the Borrower and its Subsidiaries, as may have been restated prior to the Amendment and Restatement Effective Date, for each fiscal quarter ended after December 31, 2015 and at least forty five (45) days before the Amendment and Restatement Effective Date, prepared in accordance with GAAP.

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“**Uniform Commercial Code**” and “**UCC**” mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

“**United States**” and “**U.S.**” mean the United States of America.

“**Unreimbursed Amount**” has the meaning specified in Section 2.03(c)(i).

“**Unrestricted Subsidiary**” means any Subsidiary of the Borrower designated by the board of directors of the Borrower as an Unrestricted Subsidiary pursuant to Section 6.14 subsequent to the Closing Date, in each case until such time (if any) as the board of directors of the Borrower designates any such Subsidiary as a Restricted Subsidiary pursuant to Section 6.14.

“**U.S. Person**” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“**U.S. Tax Compliance Certificate**” has the meaning specified in Section 3.01(g).

“**Weighted Average Life to Maturity**” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“**wholly owned**” means, with respect to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (x) director’s qualifying shares and (y) shares issued to foreign nationals to the extent required by applicable Law) are owned by such Person and/or by one or more wholly owned Subsidiaries of such Person.

“**Withholding Agent**” means the Borrower and the Administrative Agent, as applicable.

“**Write-Down and Conversion Powers**” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02. Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words “herein”, “hereto”, “hereof” and “hereunder” and words of similar import

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when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(ii) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

(iii) The term “including” is by way of example and not limitation.

(iv) The word “or” is not exclusive.

(v) The term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including”.

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(e) For purposes of determining compliance with any Section of Article VII, in the event that any Lien, Investment, Indebtedness, Disposition, Restricted Payment, Affiliate transaction, Contractual Obligation, or prepayment of Indebtedness meets the criteria of one or more of the categories of transactions permitted pursuant to any clause of such Sections, such transaction (or portion thereof) at any time, shall be permitted under one or more of such clauses as determined by the Borrower in its sole discretion at such time.

Section 1.03. Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP, except as otherwise specifically prescribed herein.

Section 1.04. Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.05. References to Agreements, Laws, Etc. Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, amendments and restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, amendments and restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

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Section 1.06. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.07. Timing of Performance. When the performance of any covenant, duty or obligation is stated to be required on a day which is not a Business Day, the date of such performance shall extend to the immediately succeeding Business Day.

Section 1.08. Currency Equivalents Generally.

(a) Any amount specified in this Agreement (other than in Articles II, IX and X) or any of the other Loan Documents to be in Dollars shall also include the equivalent of such amount in any currency other than Dollars, such equivalent amount to be determined at the rate of exchange quoted by the Reuters World Currency Page for the applicable currency at 11:00 a.m. (London time) on such day (or, in the event such rate does not appear on any Reuters World Currency Page, by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Borrower, or, in the absence of such agreement, such rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m. (New York City time) on such date for the purchase of Dollars for delivery two (2) Business Days later).

(b) For purposes of determining the Consolidated First Lien Net Leverage Ratio, the Total Net Leverage Ratio and the Consolidated Senior Secured Net Leverage Ratio, the amount of Indebtedness shall reflect the currency translation effects, determined in accordance with GAAP, of Swap Contracts permitted hereunder for currency exchange risks with respect to the applicable currency in effect on the date of determination of the Dollar equivalent of such Indebtedness.

(c) Notwithstanding the foregoing, for purposes of determining compliance with Sections 7.01, 7.02 and 7.03 with respect to any amount of Indebtedness or Investment in a currency other than Dollars, no Default shall be deemed to have occurred solely as a result of changes in rates of currency exchange occurring after the time such Indebtedness or Investment is incurred (so long as such Indebtedness or Investment, at the time incurred, made or acquired, was permitted hereunder).

Section 1.09. Change of Currency. Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify with the Borrower's consent to appropriately reflect a change in currency of any country and any relevant market conventions or practices relating to such change in currency.

Section 1.10. Cumulative Growth Amount Transactions. If more than one action occurs on any given date the permissibility of the taking of which is determined hereunder by reference to the amount of the Cumulative Growth Amount immediately prior to the taking of such action, the permissibility of the taking of such action shall be determined independently and in no event may any two or more such actions be treated as occurring simultaneously.

Section 1.11. Pro Forma and Other Calculations.

(a) Notwithstanding anything to the contrary herein, financial ratios and tests, including the Consolidated First Lien Net Leverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Total Net Leverage Ratio, and Interest

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Coverage Ratio and compliance with covenants determined by reference to Consolidated EBITDA or Total Assets shall be calculated in the manner prescribed by this Section 1.11; provided, that notwithstanding anything to the contrary in clauses (b), (c) (d) or (e) of this Section 1.11, when calculating the Consolidated First Lien Net Leverage Ratio for purposes of the definition of “Applicable Rate”, for purposes of Section 2.06(b)(i) and Section 7.11 (other than for the purpose of determining pro forma compliance with Section 7.11), the events described in this Section 1.11 that occurred subsequent to the end of the applicable Test Period shall not be given pro forma effect. In addition, whenever a financial ratio or test is to be calculated on a pro forma basis, the reference to “Test Period” for purposes of calculating such financial ratio or test shall be deemed to be a reference to, and shall be based on, the most recently ended Test Period for which internal financial statements of the Borrower are available (as determined in good faith by the Borrower) (it being understood that for purposes of determining pro forma compliance with Section 7.11, if no Test Period with an applicable level cited in Section 7.11 has passed, the applicable level shall be the level for the first Test Period cited in Section 7.11 with an indicated level). For purposes of determining pro forma compliance with the Financial Covenant at a time when a Compliance Event has not occurred or is continuing, such determination shall be made as though the Financial Covenant is in effect at the relevant time.

(b) For purposes of calculating any financial ratio or test or compliance with any covenant determined by reference to Consolidated EBITDA or Total Assets, Specified Transactions (with any incurrence or repayment of any Indebtedness in connection therewith to be subject to clause (d) of this Section 1.11) that have been made (i) during the applicable Test Period or (ii) if applicable as described in clause (a) above, subsequent to such Test Period and prior to or simultaneously with the event for which the calculation of any such ratio is made shall be calculated on a pro forma basis assuming that all such Specified Transactions (and any increase or decrease in Consolidated EBITDA and the component financial definitions used therein attributable to any Specified Transaction, but excluding, for purposes of calculating Total Assets, any decrease in cash and Cash Equivalents as a result of any such Specified Transactions constituting a Restricted Payment or repayment of Indebtedness) had occurred on the first day of the applicable Test Period (or, in the case of Total Assets, on the last day of the applicable Test Period). If since the beginning of any applicable Test Period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the Borrower or any of the Restricted Subsidiaries since the beginning of such Test Period shall have made any Specified Transaction that would have required adjustment pursuant to this Section 1.11, then such financial ratio or test (or Total Assets) shall be calculated to give pro forma effect thereto in accordance with this Section 1.11.

(c) Whenever pro forma effect is to be given to a Specified Transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Borrower and may include, for the avoidance of doubt, the amount of “run-rate” cost savings, operating expense reductions and synergies projected by the Borrower in good faith to be realized as a result of specified actions taken, committed to be taken or expected to be taken (calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period and as if such cost savings, operating expense reductions and synergies were realized during the entirety of such period and “run-rate” means the full recurring benefit for a period that is associated with any action taken, committed to be taken or expected to be taken (including any savings expected to result from the elimination of a public target’s compliance costs with public company requirements) net of the amount of actual benefits realized during such period from such actions, and any such adjustments shall be included in the initial pro forma calculations of such financial ratios or tests (and in respect of any subsequent pro forma calculations in which such Specified Transaction or cost savings, operating expense reductions and synergies are given pro forma effect) and during any applicable subsequent Test Period) relating to such Specified Transaction; provided that

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(A) such amounts are reasonably identifiable and factually supportable in the good faith judgment of the Borrower, (B) such actions are taken, committed to be taken or with respect to which substantial steps have been taken or are expected in good faith to be taken no later than eighteen (18) months after the date of such Specified Transaction, (C) no amounts shall be added to the extent duplicative of any amounts that are otherwise added back in computing Consolidated EBITDA (or any other components thereof), whether through a pro forma adjustment or otherwise, with respect to such period and (D) any increase to Consolidated EBITDA as a result of cost savings, operating expense reductions and synergies pursuant to this Section 1.11(c) shall be subject to the limitation set forth in the further proviso of clause (viii) of the definition of "Consolidated EBITDA".

(d) In the event that (w) the Borrower or any Restricted Subsidiary incurs (including by assumption or guarantees) or repays (including by redemption, repayment, retirement or extinguishment) any Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility in the ordinary course of business for working capital purposes) or (x) the Borrower or any Restricted Subsidiary issues, repurchases or redeems Disqualified Equity Interests, (i) during the applicable Test Period or (ii) subsequent to the end of the applicable Test Period and prior to or simultaneously with the event for which the calculation of any such ratio is made, then such financial ratio or test shall be calculated giving pro forma effect to such incurrence, repurchase or repayment of Indebtedness, or such issuance or redemption of Disqualified Equity Interests, in each case to the extent required, as if the same had occurred on the last day of the applicable Test Period (except in the case of the Interest Coverage Ratio (or similar ratio), in which case such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness or such issuance, repurchase or redemption of Disqualified Equity Interests will be given effect as if the same had occurred on the first day of the applicable Test Period).

(e) 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 date of the event for which the calculation of the Interest Coverage Ratio is made had been the applicable rate for the entire period (taking into account any interest hedging arrangements applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a Responsible Officer of the Borrower to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. 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 determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Borrower or Restricted Subsidiary may designate.

Section 1.12. Limited Condition Transactions. Notwithstanding anything in this Agreement or any Loan Document to the contrary, when calculating any applicable ratio, the amount or availability of the Cumulative Growth Amount or any other basket based on Consolidated EBITDA, Consolidated Net Income or Total Assets, or determining other compliance with this Agreement (including the determination of compliance with any provision of this Agreement which requires that no Default or Event of Default has occurred, is continuing or would result therefrom) in connection with a Specified Transaction undertaken in connection with the consummation of a Limited Condition Transaction, the date of determination of such ratio, the amount or availability of the Cumulative Growth Amount or any other basket based on Consolidated EBITDA, Consolidated Net Income or Total Assets, determination whether any Default or Event of Default has occurred, is continuing or would result therefrom, shall, at the option of the Borrower (the Borrower's election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), be deemed to be the date the definitive agreements for such Limited Condition Transaction are entered into (the "LCT Test Date") and if, after such ratios and other provisions are measured on a Pro Forma Basis after giving effect to such Limited Condition Transaction and the other transactions to be entered into in connection

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therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the most recent Test Period ending prior to the LCT Test Date, the Borrower could have taken such action on the relevant LCT Test Date in compliance with such ratios and provisions, such ratios and provisions shall be deemed to have been complied with. The Borrower shall notify the Administrative Agent promptly following an LCT Election. For the avoidance of doubt, (x) if any of such ratios or other provisions are exceeded or breached (or, with respect to the Interest Coverage Ratio, not reached) as a result of fluctuations in such ratio (including due to fluctuations in Consolidated EBITDA of the Borrower and its Subsidiaries or other components of such ratios) or other provisions at or prior to the consummation of the relevant Limited Condition Transaction, such ratios and other provisions will not be deemed to have failed to be satisfied or exceeded (or, with respect to the Interest Coverage Ratio, not reached) as a result of such fluctuations solely for purposes of determining whether the Limited Condition Transaction and related transactions are permitted hereunder and (y) such ratios and other provisions shall not be tested at the time of consummation of such Limited Condition Transaction or related transactions, unless the Borrower subsequently elects, in its sole discretion, to test such ratios and other provisions on the date such Limited Condition Transaction and related transactions are consummated. If the Borrower has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio or basket availability with respect to any other transaction on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio or other provision (other than testing actual compliance with the Financial Covenant) shall be calculated on a Pro Forma Basis assuming such Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

## ARTICLE II

### The Commitments and Credit Extensions

#### Section 2.01. The Loans.

(a) *The Term Borrowings.* (i) Pursuant to the terms and subject to the conditions of the Incremental and Amendment and Restatement Agreement, each Effective Date Term B Lender has made a term loan denominated in Dollars to the Borrower in an amount equal to such Effective Date Term B Lender's Effective Date Term B Commitment on the Amendment and Restatement Effective Date (each, an "**Effective Date Term B Loan**").

(ii) During the Delayed Draw Commitment Period, subject to the terms and conditions and in reliance upon the representations and warranties set forth in the Incremental and Amendment and Restatement Agreement, each Delayed Draw Term B Lender severally agrees to make available to the Borrower a single term loan denominated in Dollars (each, a "**Delayed Draw Term B Loan**") in an aggregate principal amount up to such Delayed Draw Term B Lender's Delayed Draw Term B Commitment on the Delayed Draw Funding Date; provided that (i) there shall be no more than one borrowing of Delayed Draw Term B Loans and (ii) the Delayed Draw Term B Loans (if and when funded) shall have the same terms and shall be treated as a single Class for all purposes with the Effective Date Term B Loans, except that interest on the Delayed Draw Term B Loans shall commence to accrue from the date of funding thereof.

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(iii) Amounts borrowed as Term B Loans that are repaid or prepaid may not be reborrowed. Term B Loans may be Base Rate Loans or Eurocurrency Rate Loans, as further provided herein.

(b) *The Revolving Credit Borrowings.* Subject to the terms and conditions set forth herein, each Revolving Credit Lender severally agrees to make loans denominated in Dollars to the Borrower (each such loan, a “**Revolving Credit Loan**”) from time to time, on any Business Day from and including the Closing Date until the Maturity Date for the Revolving Credit Facility, in an aggregate principal amount not to exceed at any time outstanding the amount of such Revolving Credit Lender’s Revolving Credit Commitment; provided that after giving effect to any Revolving Credit Borrowing, the aggregate Outstanding Amount of the Revolving Credit Loans of any Revolving Credit Lender, plus such Revolving Credit Lender’s Pro Rata Share of the Outstanding Amount of all L/C Obligations plus such Revolving Credit Lender’s Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Revolving Credit Lender’s Revolving Credit Commitment. Within the limits of each Revolving Credit Lender’s Revolving Credit Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01(b), prepay under Section 2.06, and reborrow under this Section 2.01(b). Revolving Credit Loans may be Base Rate Loans or Eurocurrency Rate Loans, as further provided herein.

Section 2.02. Borrowings, Conversions and Continuations of Loans. (a) Each Term Borrowing, each Revolving Credit Borrowing, each conversion of Term Loans or Revolving Credit Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon the Borrower’s irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than (i) 12:30 p.m. two (2) Business Days prior to the requested date of any Borrowing or continuation of Eurocurrency Rate Loans or any conversion of Base Rate Loans to Eurocurrency Rate Loans, and (ii) 11:00 a.m. on the requested date of any Borrowing of Base Rate Loans or conversion of any Eurocurrency Rate Loans to Base Rate Loans. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each Borrowing of, conversion to or continuation of Eurocurrency Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each Committed Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Term Borrowing (including whether the Borrowing is requesting a Delayed Draw Term B Loan), a Revolving Credit Borrowing, a conversion of Term Loans or Revolving Credit Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day) (such date in respect of a Delayed Draw Term B Loan, the “**Delayed Draw Funding Date**”), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Term Loans or Revolving Credit Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Loan in a Committed Loan Notice or fails to give a timely notice requesting a conversion or continuation, then the applicable Term Loans or Revolving Credit Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month. The borrowing of Delayed Draw Term B Loans, to the extent requested as Eurocurrency Rate Loans, shall initially consist of Term B Loans with an Interest Period commencing on the date of such borrowing and ending on the last day of the then current Interest

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Period for the Effective Date Term B Loans, and if, as of the date of a borrowing of Delayed Draw Term B Loans, more than one Interest Period is in effect for the Effective Date Term B Loans, then the Delayed Draw Term B Loans in such borrowing will be allocated ratably to such Interest Periods.

(b) Following receipt of a Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Pro Rata Share of the applicable Class of Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans or continuation described in Section 2.02(a). In the case of each Borrowing, each Appropriate Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office not later than 1:00 p.m., in each case on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02, the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided that if, on the date the Committed Loan Notice with respect to such Borrowing is given by the Borrower, there are Swing Line Loans or L/C Borrowings outstanding, then the proceeds of such Borrowing shall be applied, first, to the payment in full of any such L/C Borrowings, second, to the payment in full of any such Swing Line Loans, and third, to the Borrower as provided above.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan unless the Borrower pays the amount due, if any, under Section 3.05 in connection therewith. During the existence of an Event of Default, the Administrative Agent or the Required Lenders may require by notice to the Borrower that no Loans may be converted to or continued as Eurocurrency Rate Loans.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. The determination of the Eurocurrency Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in the Administrative Agent's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Term Borrowings, all Revolving Credit Borrowings, all conversions of Term Loans or Revolving Credit Loans from one Type to the other, and all continuations of Term Loans or Revolving Credit Loans as the same Type, there shall not be more than ten (10) Interest Periods in effect (or such greater number as may be acceptable to the Administrative Agent); provided that after the establishment of any new Class of Loans pursuant to an Incremental Amendment (including for Incremental Revolving Credit Commitments), Refinancing Amendment or Extension Amendment, the number of Interest Periods otherwise permitted by this Section 2.02(e) shall increase by three (3) Interest Periods for each applicable Class so established.

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(f) The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

(g) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing, or in the case of any Borrowing of Base Rate Loans, prior to 1:00 p.m. on the date of such Borrowing, that such Lender will not make available to the Administrative Agent such Lender's Pro Rata Share or other applicable share provided for under this Agreement of such Borrowing, the Administrative Agent may assume that such Lender has made such Pro Rata Share or other applicable share provided for under this Agreement available to the Administrative Agent on the date of such Borrowing in accordance with paragraph (b) above, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available, then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, each of such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in accordance with the foregoing. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 2.02(g) shall be conclusive in the absence of manifest error. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

Section 2.03. Letters of Credit.

(a) *The Letter of Credit Commitment.* (i) Subject to the terms and conditions set forth herein, (A) each L/C Issuer agrees, in reliance upon the agreements of the other Revolving Credit Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from and including the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit denominated in Dollars for the account of the Borrower (provided that any Letter of Credit may be for the benefit of any Subsidiary of the Borrower) and to amend or renew Letters of Credit previously issued by it, in accordance with Section 2.03(b), and (2) to honor drafts under the Letters of Credit and (B) the Revolving Credit Lenders severally agree to participate in Letters of Credit issued pursuant to this Section 2.03; provided that no L/C Issuer shall be obligated to make any L/C Credit Extension with respect to any Letter of Credit, and no Lender shall be obligated to participate in any Letter of Credit if as of the date of such L/C Credit Extension, (x) the Revolving Credit Exposure of any Lender would exceed such Lender's Revolving Credit Commitment or (y) the Outstanding Amount of the L/C Obligations would exceed the Letter of Credit Sublimit. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. Each Letter of Credit shall be in form reasonably satisfactory to the L/C Issuer. Notwithstanding anything in this Section 2.03(a)(i) to the contrary, JPMorgan Chase Bank, N.A. shall not be obligated to issue any commercial or trade (as opposed to standby) Letter of Credit.

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(ii) An L/C Issuer shall be under no obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or direct that such L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date (for which such L/C Issuer is not otherwise compensated hereunder);

(B) subject to Section 2.03(b)(iii), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last renewal, unless (1) the Required Revolving Lenders and the applicable L/C Issuer have approved such expiry date or (2) the Outstanding Amount of L/C Obligations in respect of such requested Letter of Credit has been Cash Collateralized or back-stopped by a letter of credit reasonably satisfactory to such L/C Issuer;

(C) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless (1) all the Revolving Credit Lenders and the applicable L/C Issuer have approved such expiry date or (2) the Outstanding Amount of L/C Obligations in respect of such requested Letter of Credit has been Cash Collateralized or back-stopped by a letter of credit reasonably satisfactory to such L/C Issuer;

(D) the issuance of such Letter of Credit would violate any Laws binding upon such L/C Issuer; or

(E) the Letter of Credit is in a currency other than Dollars;

(F) the stated amount of each Letter of Credit shall be not less than \$100,000 or such lesser amount as is acceptable to the applicable L/C Issuer;

(G) any Revolving Credit Lender is a Defaulting Lender at such time, unless such L/C Issuer has entered into arrangements reasonably satisfactory to it and the Borrower to eliminate such L/C Issuer's risk (after giving effect to Section 2.18(a)(iv)) with respect to the participation in Letters of Credit by such Defaulting Lender, including by cash collateralizing such Defaulting Lender's Pro Rata Share of the L/C Obligations.

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(iii) An L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) such L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(b) *Procedures for Issuance and Amendment of Letters of Credit; Auto-Renewal Letters of Credit.* (i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to an L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower. Such Letter of Credit Application must be received by the relevant L/C Issuer and the Administrative Agent not later than 12:30 p.m. at least three (3) Business Days prior to the proposed issuance date or date of amendment, as the case may be; or, in each case, such later date and time as the relevant L/C Issuer may agree in a particular instance in its sole discretion. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the relevant L/C Issuer: (a) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (b) the amount thereof; (c) the expiry date thereof; (d) the name and address of the beneficiary thereof; (e) if applicable, the purpose for which the Letter of Credit is to be issued; (f) the documents to be presented by such beneficiary in case of any drawing thereunder; (g) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (h) such other matters as the relevant L/C Issuer may reasonably request. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the relevant L/C Issuer (1) the Letter of Credit to be amended; (2) the proposed date of amendment thereof (which shall be a Business Day); (3) the nature of the proposed amendment; and (4) such other matters as the relevant L/C Issuer may reasonably request.

(ii) Promptly after receipt of any Letter of Credit Application, the relevant L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, such L/C Issuer will provide the Administrative Agent with a copy thereof. Upon receipt by the relevant L/C Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, such L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or enter into the applicable amendment, as the case may be. Immediately upon the issuance of each Letter of Credit, each Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the relevant L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, the relevant L/C Issuer shall agree to issue a Letter of Credit that has automatic renewal provisions (each, an "**Auto-Renewal Letter of Credit**"); provided that any such Auto-Renewal Letter of Credit must permit the relevant L/C Issuer to prevent any such renewal at least once in each twelve month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "**Nonrenewal Notice Date**") in each such twelve month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the relevant L/C Issuer, the Borrower shall not be required to make a specific request to the relevant L/C Issuer for any such renewal. Once an Auto-Renewal Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the relevant L/C Issuer to permit the renewal of such Letter of Credit at any time to an expiry

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date not later than the Letter of Credit Expiration Date, unless the Outstanding Amount of L/C Obligations in respect of such requested Letter of Credit has been Cash Collateralized or back-stopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer; provided that the relevant L/C Issuer shall not permit any such renewal if (A) the relevant L/C Issuer has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof (by reason of the provisions of Section 2.03(a)(ii) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is five (5) Business Days before the Nonrenewal Notice Date from the Administrative Agent, any Revolving Credit Lender or the Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the relevant L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) *Drawings and Reimbursements; Funding of Participations.* (i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the relevant L/C Issuer shall notify promptly the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the second Business Day following any payment by an L/C Issuer under a Letter of Credit (each such date, an "**Honor Date**"), the Borrower shall reimburse such L/C Issuer in an amount equal to the amount of such drawing, together with interest on the amount so paid or disbursed by such L/C Issuer, to the extent not reimbursed on the date of such payment of disbursement. If the Borrower does not reimburse such L/C Issuer by such time, the L/C Issuer shall notify the Administrative Agent of the unreimbursed drawing and the Administrative Agent shall promptly notify each Appropriate Lender of the Honor Date, the amount of the unreimbursed drawing (the "**Unreimbursed Amount**"), and the amount of such Appropriate Lender's Pro Rata Share thereof. In such event, the Borrower shall be deemed to have requested a Revolving Credit Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans but subject to the amount of the unutilized portion of the Revolving Credit Commitments of the Appropriate Lenders and the conditions set forth in Section 4.02 (other than the delivery of a Committed Loan Notice). Any notice given by an L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Appropriate Lender (including any Appropriate Lender acting as an L/C Issuer) shall, regardless of whether the conditions set forth in Section 4.02 have been satisfied, upon any notice pursuant to Section 2.03(c)(i) make funds available to the Administrative Agent for the account of the relevant L/C Issuer, in Dollars, at the Administrative Agent's Office for payments in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Appropriate Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the relevant L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Revolving Credit Borrowing of Base Rate Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other

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reason, the Borrower shall be deemed to have incurred from the relevant L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Appropriate Lender's payment to the Administrative Agent for the account of the relevant L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Appropriate Lender funds its Revolving Credit Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the relevant L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the relevant L/C Issuer.

(v) Each Revolving Credit Lender's obligation to make Revolving Credit Loans or L/C Advances to reimburse an L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the relevant L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, (C) any lack of validity or enforceability of any Letter of Credit, (D) any draft or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, or (E) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided that each Revolving Credit Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.03(c) (but, for avoidance of doubt, not its obligation to pay Unreimbursed Amounts pursuant to Section 2.03(ii)), is subject to the conditions set forth in Section 4.02 (other than delivery by the Borrower of a Committed Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the relevant L/C Issuer for the amount of any payment made by such L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the relevant L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), such L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such L/C Issuer at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the relevant L/C Issuer submitted to any Revolving Credit Lender (through the Administrative Agent) with respect to any amounts owing under this Section 2.03(c)(vi) shall be conclusive absent manifest error.

(d) *Repayment of Participations.* (i) If, at any time after an L/C Issuer has made a payment under any Letter of Credit and has received from any Revolving Credit Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), the Administrative Agent receives for the account of such L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Pro

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Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of an L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by such L/C Issuer in its discretion), each Appropriate Lender shall pay to the Administrative Agent for the account of such L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) *Obligations Absolute.* The (i) obligation of the Borrower and (ii) the obligation of the Revolving Credit Lenders to reimburse the relevant L/C Issuer for each drawing under each Letter of Credit issued by it and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that any Loan Party may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the relevant L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the relevant L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the relevant L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law;

(v) any exchange, release or nonperfection of any Collateral, or any release or amendment or waiver of or consent to departure from the Guaranty or any other guarantee, for all or any of the Obligations of any Loan Party in respect of such Letter of Credit;

(vi) the occurrence of any Default or Event of Default; or

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(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Loan Party; provided that the foregoing shall not excuse any L/C Issuer from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are waived by the Borrower to the extent permitted by applicable Law) suffered by the Borrower that are caused by such L/C Issuer's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof.

(f) *Role of L/C Issuers.* Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the relevant L/C Issuer shall not have any responsibility to obtain any document (other than any draft, demand, certificate or other document expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuers, any Agent-Related Person nor any of the respective correspondents, participants or assignees of any L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuers, any Agent-Related Person, nor any of the respective correspondents, participants or assignees of any L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (vi) of Section 2.03(e); provided that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against an L/C Issuer, and such L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by such L/C Issuer's willful misconduct or gross negligence or such L/C Issuer's willful or grossly negligent failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a draft, demand, certificate or other document strictly complying with the terms and conditions of a Letter of Credit (in each case, as determined by a court of competent jurisdiction in a final and non-appealable judgment). In furtherance and not in limitation of the foregoing, each L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and no L/C Issuer shall be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) *Cash Collateral.* (i) If any Event of Default occurs and is continuing and the Administrative Agent or the Required Lenders, as applicable, require the Borrower to Cash Collateralize the L/C Obligations pursuant to Section 8.02(c) or (ii) an Event of Default set forth under Section 8.01(f) occurs and is continuing, then the Borrower shall Cash Collateralize the then Outstanding Amount of all L/C Obligations (in an amount equal to such Outstanding Amount determined as of the date of such Event of Default), and shall do so not later than 2:00 p.m. on (x) in the case of the immediately preceding clause (i), (1) the Business Day that the Borrower receives notice thereof, if such notice is received on such day prior to 12:00 Noon, or (2)

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if clause (1) above does not apply, the Business Day immediately following the day that the Borrower receives such notice and (y) in the case of the immediately preceding clause (ii), the Business Day on which an Event of Default set forth under Section 8.01(f) occurs or, if such day is not a Business Day, the Business Day immediately succeeding such day. For purposes hereof, "Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the relevant L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances ("Cash Collateral") pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the relevant L/C Issuer (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the L/C Issuers and the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked accounts at the Administrative Agent and may be invested in readily available Cash Equivalents. If at any time the Administrative Agent determines that any funds held as Cash Collateral are subject to any right or claim of any Person other than the Administrative Agent (on behalf of the Secured Parties) or that the total amount of such funds is less than the aggregate Outstanding Amount of all L/C Obligations, the Borrower will, forthwith upon demand by the Administrative Agent, pay to the Administrative Agent, as additional funds to be deposited and held in the deposit accounts at the Administrative Agent as aforesaid, an amount equal to the excess of (a) such aggregate Outstanding Amount over (b) the total amount of funds, if any, then held as Cash Collateral that the Administrative Agent reasonably determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit for which funds are on deposit as Cash Collateral, such funds shall be applied, to the extent permitted under applicable Law, to reimburse the relevant L/C Issuer. To the extent the amount of any Cash Collateral exceeds the then Outstanding Amount of such L/C Obligations and so long as no Event of Default has occurred and is continuing, the excess shall be refunded to the Borrower. To the extent any Event of Default giving rise to the requirement to Cash Collateralize any Letter of Credit pursuant to this Section 2.03(g) is cured or otherwise waived by the Required Lenders, then so long as no other Event of Default has occurred and is continuing, all Cash Collateral pledged to Cash Collateralize such Letter of Credit shall be refunded to the Borrower.

(h) *Letter of Credit Fees.* The Borrower shall pay to the Administrative Agent for the account of each Revolving Credit Lender in accordance with its Pro Rata Share a Letter of Credit fee for each Letter of Credit issued pursuant to this Agreement equal to the Applicable Rate times the daily maximum amount then available to be drawn under such Letter of Credit (determined without regard to whether any conditions to drawing could then be met). Such Letter of Credit fees shall be computed on a quarterly basis in arrears. Such Letter of Credit fees shall be due and payable in Dollars on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily maximum amount of each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(i) *Fronting Fee and Documentary and Processing Charges Payable to L/C Issuers.* The Borrower shall pay directly to each L/C Issuer for its own account a fronting fee with respect to each Letter of Credit issued by it equal to 0.125% per annum (or such other lower amount as may be mutually agreed by the Borrower and the applicable L/C Issuer) of the daily maximum amount then available to be drawn under such Letter of Credit (determined without regard to whether any conditions to drawing could then be met). Such fronting fees shall be (x) computed on a quarterly basis in arrears and (y) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand.

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In addition, the Borrower shall pay directly to each L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable within ten (10) Business Days of demand and are nonrefundable.

(j) *Conflict with Letter of Credit Application.* Notwithstanding anything else to the contrary in this Agreement, in the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

(k) *Addition of an L/C Issuer.* A Revolving Credit Lender may become an additional L/C Issuer hereunder pursuant to a written agreement among the Borrower, the Administrative Agent and such Revolving Credit Lender. The Administrative Agent shall notify the Revolving Credit Lenders of any such additional L/C Issuer.

(l) *Provisions Related to Extended Revolving Credit Commitments.* If the Letter of Credit Expiration Date in respect of any tranche of Revolving Credit Commitments occurs prior to the expiry date of any Letter of Credit, then (i) if consented to by the L/C Issuer which issued such Letter of Credit, if one or more other tranches of Revolving Credit Commitments in respect of which the Letter of Credit Expiration Date shall not have so occurred are then in effect, such Letters of Credit for which consent has been obtained shall automatically be deemed to have been issued (including for purposes of the obligations of the Revolving Credit Lenders to purchase participations therein and to make Revolving Credit Loans and payments in respect thereof pursuant to Sections 2.03(c) and (d) under (and ratably participated in by Revolving Credit Lenders pursuant to) the Revolving Credit Commitments in respect of such non-terminating tranches up to an aggregate amount not to exceed the aggregate principal amount of the unutilized Revolving Credit Commitments thereunder at such time (it being understood that no partial face amount of any Letter of Credit may be so reallocated) and (ii) to the extent not reallocated pursuant to immediately preceding clause (i) and unless provisions reasonably satisfactory to the applicable L/C Issuer for the treatment of such Letter of Credit as a letter of credit under a successor credit facility have been agreed upon, the Borrower shall, on or prior to the applicable Maturity Date, cause all such Letters of Credit to be replaced and returned to the applicable L/C Issuer undrawn and marked "cancelled" or to the extent that the Borrower is unable to so replace and return any Letter(s) of Credit, such Letter(s) of Credit shall be secured by a "back to back" letter of credit reasonably satisfactory to the applicable L/C Issuer or the Borrower shall Cash Collateralize any such Letter of Credit in accordance with Section 2.03(g). Commencing with the Maturity Date of any tranche of Revolving Credit Commitments, the sublimit for Letters of Credit shall be agreed solely with the L/C Issuer.

(m) *Applicability of ISP.* Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued, the rules of the ISP shall apply to each Letter of Credit.

Section 2.04. Swing Line Loans. (a) *The Swing Line.* Subject to the terms and conditions set forth herein, the Swing Line Lender agrees to make loans (each such loan, a "**Swing Line Loan**") to the Borrower from time to time on any Business Day from and including the Closing Date until the Maturity Date for the Revolving Credit Facility in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of Revolving Credit Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Revolving Credit Commitment; provided

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that (i) after giving effect to any Swing Line Loan, the aggregate Outstanding Amount of the Revolving Credit Loans of any Lender (other than the relevant Swing Line Lender solely in its capacity as such), plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Credit Commitment then in effect and (ii) notwithstanding the foregoing, the Swing Line Lender shall not be obligated to make any Swing Line Loans at a time when a Revolving Credit Lender is a Defaulting Lender, unless the Swing Line Lender has entered into arrangements reasonably satisfactory to it and the Borrower to eliminate the Swing Line Lender's risk (after giving effect to Section 2.18(a)(iv)) with respect to the Defaulting Lender's participation in such Swing Line Loans, including by cash collateralizing such Defaulting Lender's Pro Rata Share of the outstanding amount of Swing Line Loans; provided further that, the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.04, prepay under Section 2.06, and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Swing Line Loans shall only be denominated in Dollars. Immediately upon the making of a Swing Line Loan, each Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Swing Line Loan.

*(b) Borrowing Procedures.* Each Swing Line Borrowing shall be made upon the Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 11:00 a.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000 or a whole multiple of \$100,000 in excess thereof, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Revolving Credit Lender) prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower.

*(c) Refinancing of Swing Line Loans.* (i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Revolving Credit Lender make a Base Rate Loan in an amount equal to such Lender's Pro Rata Share of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Committed Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the aggregate Revolving Credit Commitments and the conditions set forth in Section 4.02. The Swing Line Lender shall furnish the Borrower with a copy of the applicable Committed Loan Notice promptly after delivering such notice to the

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Administrative Agent. Each Revolving Credit Lender shall make an amount equal to its Pro Rata Share of the amount specified in such Committed Loan Notice available to the Administrative Agent in Same Day Funds for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Committed Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Revolving Credit Borrowing in accordance with Section 2.04(c)(i), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Revolving Credit Lenders fund its risk participation in the relevant Swing Line Loan and each Revolving Credit Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Revolving Credit Lender's obligation to make Revolving Credit Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided that each Revolving Credit Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

*(d) Repayment of Participations.* (i) At any time after any Revolving Credit Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Revolving Credit Lender shall pay to the Swing Line Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest

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thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender.

(e) *Interest for Account of Swing Line Lender.* The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until each Revolving Credit Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04 to refinance such Lender's Pro Rata Share of any Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the Swing Line Lender.

(f) *Payments Directly to Swing Line Lender.* The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

(g) *Provisions Related to Extended Revolving Credit Commitments.* If the Maturity Date shall have occurred in respect of any tranche of Revolving Credit Commitments (the "Expiring Credit Commitment") at a time when another tranche or tranches of Revolving Credit Commitments is or are in effect with a longer Maturity Date (each a "Non-Expiring Credit Commitment" and collectively, the "Non-Expiring Credit Commitments"), then with respect to each outstanding Swing Line Loan, if consented to by the Swing Line Lender, on the earliest occurring Maturity Date such Swing Line Loan shall be deemed reallocated to the tranche or tranches of the Non-Expiring Credit Commitments on a pro rata basis; provided that (x) to the extent that the amount of such reallocation would cause the aggregate credit exposure to exceed the aggregate amount of such Non-Expiring Credit Commitments, immediately prior to such reallocation (after giving effect to any repayments of Revolving Credit Loans and any reallocation of Letter of Credit participations as contemplated in Section 2.03(l)) the amount of Swing Line Loans to be reallocated equal to such excess shall be repaid and (y) notwithstanding the foregoing, if a Specified Default has occurred and is continuing, the Borrower shall still be obligated to pay Swing Line Loans allocated to the Revolving Credit Lenders holding the Expiring Credit Commitments at the Maturity Date of the Expiring Credit Commitment or if the Loans have been accelerated prior to the maturity date of the Expiring Credit Commitment. Commencing with the Maturity Date of any tranche of Revolving Credit Commitments, the sublimit for Swing Line Loans shall be agreed solely with the Swing Line Lender.

Section 2.05. [Reserved].

Section 2.06. Prepayments.

(a) *Optional.* (i) Except as otherwise provided below in this Section 2.06(a), the Borrower may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay any Class or Classes of Term Loans and any Class or Classes of Revolving Credit Loans in whole or in part without premium or penalty; provided that (1) such notice must be received by the Administrative Agent not later than 12:30 p.m. (A) two (2) Business Days prior to any date of prepayment of Eurocurrency Rate Loans and (B) on the date of prepayment of Base Rate Loans; (2) any prepayment of Eurocurrency Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof; and (3) any prepayment of Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment, the Class(es) and Type(s) of Loans to be prepaid (such Class(es) and Type(s) of Loans to be selected by the Borrower) and in the case of a prepayment of Term Loans, the manner in which the Borrower elects to have such prepayment applied to the remaining repayments thereof; provided that in the event such notice fails to specify the manner in which the respective prepayment of Term Loans shall be applied to repayments thereof required pursuant to Section 2.08(a), such prepayment of Term Loans shall be applied in direct order of maturity to repayments thereof required pursuant to Section 2.08(a). The Administrative Agent will promptly notify each Appropriate Lender of its receipt of each such notice, and of the amount of such Lender's Pro Rata Share of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurocurrency Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.05. Each prepayment of the Loans pursuant to this Section 2.06(a) shall be paid to the Appropriate Lenders in accordance with their respective Pro Rata Shares. Any prepayment of Term B Loans made on or prior to the date that is six months after the Amendment and Restatement Effective Date in connection with a Repricing Transaction shall be accompanied by the payment by the Borrower of the fee set forth in Section 2.10(b).

(ii) The Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (1) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (2) any such prepayment shall be in a minimum principal amount of \$100,000 or a whole multiple of \$100,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Borrower, the Borrower shall

make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(iii) Notwithstanding anything to the contrary contained in this Agreement, the Borrower may rescind any notice of prepayment under Section 2.06(a)(i) or 2.06(a)(ii) if such prepayment would have resulted from a refinancing of all or a portion of a Facility, which refinancing shall not be consummated or shall otherwise be delayed.

(iv) Notwithstanding anything in any Loan Document to the contrary, so long as no Event of Default has occurred and is continuing, any Company Party may prepay the outstanding Term Loans (which shall, for the avoidance of doubt, be automatically and permanently canceled immediately upon such prepayment) (or Holdings, the Borrower or any of its Subsidiaries may purchase such outstanding Term Loans and immediately cancel them) on the following basis:

(A) Any Company Party shall have the right to make a voluntary prepayment of Term Loans at a discount to par pursuant to a Borrower Offer of Specified Discount Prepayment, Borrower Solicitation of Discount Range Prepayment Offers or Borrower Solicitation of Discounted Prepayment Offers (any such prepayment, the "**Discounted Term Loan Prepayment**"), in each case made in accordance with this Section 2.06(a)(iv).

(B) (1) Any Company Party may from time to time offer to make a Discounted Term Loan Prepayment by providing the Auction Agent with five (5) Business Days' notice in the form of a Specified Discount Prepayment Notice; provided that (I) any such offer shall be made available, at the sole discretion of the Company Party, to (x) each Term Lender and/or (y) each Term Lender with respect to any Class of Term Loans on an individual tranche basis, (II) any such offer shall specify the aggregate principal amount offered

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to be prepaid (the “**Specified Discount Prepayment Amount**”) with respect to each applicable tranche, the tranche or tranches of Term Loans subject to such offer and the specific percentage discount to par (the “**Specified Discount**”) of such Term Loans to be prepaid (it being understood that different Specified Discounts and/or Specified Discount Prepayment Amounts may be offered with respect to different tranches of Term Loans and, in such event, each such offer will be treated as a separate offer pursuant to the terms of this Section 2.06(a)(iv)(B)), (III) the Specified Discount Prepayment Amount shall be in an aggregate amount not less than \$5,000,000 and whole increments of \$1,000,000 in excess thereof and (IV) each such offer shall remain outstanding through the Specified Discount Prepayment Response Date. The Auction Agent will promptly provide each Appropriate Lender with a copy of such Specified Discount Prepayment Notice and a form of the Specified Discount Prepayment Response to be completed and returned by each such Term Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m., on the third Business Day after the date of delivery of such notice to such Lenders (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to the Auction Agent) (the “**Specified Discount Prepayment Response Date**”).

(2) Each Term Lender receiving such offer shall notify the Auction Agent (or its delegate) by the Specified Discount Prepayment Response Date whether or not it agrees to accept a prepayment of any of its applicable then outstanding Term Loans at the Specified Discount and, if so (such accepting Lender, a “**Discount Prepayment Accepting Lender**”), the amount and the tranches of such Lender’s Term Loans to be prepaid at such offered discount. Each acceptance of a Discounted Term Loan Prepayment by a Discount Prepayment Accepting Lender shall be irrevocable. Any Term Lender whose Specified Discount Prepayment Response is not received by the Auction Agent by the Specified Discount Prepayment Response Date shall be deemed to have declined to accept the applicable Borrower Offer of Specified Discount Prepayment.

(3) If there is at least one (1) Discount Prepayment Accepting Lender, the relevant Company Party will make a prepayment of outstanding Term Loans pursuant to this paragraph (B) to each Discount Prepayment Accepting Lender on the Discounted Prepayment Effective Date in accordance with the respective outstanding amount and tranches of Term Loans specified in such Lender’s Specified Discount Prepayment Response given pursuant to subsection (2) above; provided that, if the aggregate principal amount of Term Loans accepted for prepayment by all Discount Prepayment Accepting Lenders exceeds the Specified Discount Prepayment Amount, such prepayment shall be made pro rata among the Discount Prepayment Accepting Lenders in accordance with the respective principal amounts accepted to be prepaid by each such Discount Prepayment Accepting Lender and the Auction Agent (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its reasonable discretion) will calculate such proration (the “**Specified Discount Proration**”). The Auction Agent shall promptly, and in any case within three (3) Business Days following the Specified Discount Prepayment Response Date, notify (I) the relevant Company Party of the respective Term Lenders’ responses to such offer, the Discounted Prepayment Effective Date and the aggregate principal amount of the Discounted Term Loan Prepayment and the tranches to be prepaid, (II) each Term Lender of the Discounted Prepayment

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Effective Date, and the aggregate principal amount and the tranches of Term Loans to be prepaid at the Specified Discount on such date and (III) each Discount Prepayment Accepting Lender of the Specified Discount Proration, if any, and confirmation of the principal amount, tranche and Type of Term Loans of such Term Lender to be prepaid at the Specified Discount on such date. Each determination by the Auction Agent of the amounts stated in the foregoing notices to the Company Party and such Term Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Company Party shall be due and payable by such Company Party on the Discounted Prepayment Effective Date in accordance with subsection (F) below (subject to subsection (J) below).

(C) (1) Any Company Party may from time to time solicit Discount Range Prepayment Offers by providing the Auction Agent with five (5) Business Days' notice in the form of a Discount Range Prepayment Notice; provided that (I) any such solicitation shall be extended, at the sole discretion of such Company Party, to (x) each Term Lender and/or (y) each Term Lender with respect to any Class of Term Loans on an individual tranche basis, (II) any such notice shall specify the maximum aggregate principal amount of the relevant Term Loans (the "**Discount Range Prepayment Amount**"), the tranche or tranches of Term Loans subject to such offer and the maximum and minimum percentage discounts to par (the "**Discount Range**") of the principal amount of such Term Loans with respect to each relevant tranche of Term Loans willing to be prepaid by such Company Party (it being understood that different Discount Ranges and/or Discount Range Prepayment Amounts may be offered with respect to different tranches of Term Loans and, in such event, each such offer will be treated as a separate offer pursuant to the terms of this Section 2.06(a)(iv)(C)), (III) the Discount Range Prepayment Amount shall be in an aggregate amount not less than \$5,000,000 and whole increments of \$1,000,000 in excess thereof and (IV) each such solicitation by a Company Party shall remain outstanding through the Discount Range Prepayment Response Date. The Auction Agent will promptly provide each Appropriate Lender with a copy of such Discount Range Prepayment Notice and a form of the Discount Range Prepayment Offer to be submitted by a responding Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m., on the third Business Day after the date of delivery of such notice to such Lenders (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to the Auction Agent) (the "**Discount Range Prepayment Response Date**"). Each Term Lender's Discount Range Prepayment Offer shall be irrevocable and shall specify a discount to par within the Discount Range (the "**Submitted Discount**") at which such Term Lender is willing to allow prepayment of any or all of its then outstanding Term Loans of the applicable tranche or tranches and the maximum aggregate principal amount and tranches of such Lender's Term Loans (the "**Submitted Amount**") such Term Lender is willing to have prepaid at the Submitted Discount. Any Term Lender whose Discount Range Prepayment Offer is not received by the Auction Agent by the Discount Range Prepayment Response Date shall be deemed to have declined to accept a Discounted Term Loan Prepayment of any of its Term Loans at any discount to their par value within the Discount Range.

(2) The Auction Agent shall review all Discount Range Prepayment Offers received on or before the applicable Discount Range Prepayment Response Date and shall determine (in

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consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) the Applicable Discount and Term Loans to be prepaid at such Applicable Discount in accordance with this subsection (C). The relevant Company Party agrees to accept on the Discount Range Prepayment Response Date all Discount Range Prepayment Offers received by the Auction Agent within the Discount Range by the Discount Range Prepayment Response Date, in the order from the Submitted Discount that is the largest discount to par to the Submitted Discount that is the smallest discount to par, up to and including the Submitted Discount that is the smallest discount to par within the Discount Range (such Submitted Discount that is the smallest discount to par within the Discount Range being referred to as the “**Applicable Discount**”) which yields a Discounted Term Loan Prepayment in an aggregate principal amount equal to the lower of (I) the Discount Range Prepayment Amount and (II) the sum of all Submitted Amounts. Each Term Lender that has submitted a Discount Range Prepayment Offer to accept prepayment at a discount to par that is larger than or equal to the Applicable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Submitted Amount (subject to any required proration pursuant to the following subsection (3)) at the Applicable Discount (each such Term Lender, a “**Participating Lender**”).

(3) If there is at least one (1) Participating Lender, the relevant Company Party will prepay the respective outstanding Term Loans of each Participating Lender on the Discounted Prepayment Effective Date in the aggregate principal amount and of the tranches specified in such Lender’s Discount Range Prepayment Offer at the Applicable Discount; provided that if the Submitted Amount by all Participating Lenders offered at a discount to par greater than the Applicable Discount exceeds the Discount Range Prepayment Amount, prepayment of the principal amount of the relevant Term Loans for those Participating Lenders whose Submitted Discount is a discount to par greater than or equal to the Applicable Discount (the “**Identified Participating Lenders**”) shall be made pro rata among the Identified Participating Lenders in accordance with the Submitted Amount of each such Identified Participating Lender and the Auction Agent (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) will calculate such proration (the “**Discount Range Proration**”). The Auction Agent shall promptly, and in any case within five (5) Business Days following the Discount Range Prepayment Response Date, notify (I) the relevant Company Party of the respective Term Lenders’ responses to such solicitation, the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate principal amount of the Discounted Term Loan Prepayment and the tranches to be prepaid, (II) each Term Lender of the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate principal amount and tranches of Term Loans to be prepaid at the Applicable Discount on such date, (III) each Participating Lender of the aggregate principal amount and tranches of such Term Lender to be prepaid at the Applicable Discount on such date, and (IV) if applicable, each Identified Participating Lender of the Discount Range Proration. Each determination by the Auction Agent of the amounts stated in the foregoing notices to the relevant Company Party and Term Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Company Party shall be due and payable by such Company Party on the

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Discounted Prepayment Effective Date in accordance with subsection (F) below (subject to subsection (J) below).

(D) (1) Any Company Party may from time to time solicit Solicited Discounted Prepayment Offers by providing the Auction Agent with five (5) Business Days' notice in the form of a Solicited Discounted Prepayment Notice; provided that (I) any such solicitation shall be extended, at the sole discretion of such Company Party, to (x) each Term Lender and/or (y) each Term Lender with respect to any Class of Term Loans on an individual tranche basis, (II) any such notice shall specify the maximum aggregate amount of the Term Loans (the "**Solicited Discounted Prepayment Amount**") and the tranche or tranches of Term Loans the applicable Company Party is willing to prepay at a discount (it being understood that different Solicited Discounted Prepayment Amounts may be offered with respect to different tranches of Term Loans and, in such event, each such offer will be treated as a separate offer pursuant to the terms of this Section 2.06(a)(iv) (D)), (III) the Solicited Discounted Prepayment Amount shall be in an aggregate amount not less than \$5,000,000 and whole increments of \$1,000,000 in excess thereof and (IV) each such solicitation by a Company Party shall remain outstanding through the Solicited Discounted Prepayment Response Date. The Auction Agent will promptly provide each Appropriate Lender with a copy of such Solicited Discounted Prepayment Notice and a form of the Solicited Discounted Prepayment Offer to be submitted by a responding Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m., on the third Business Day after the date of delivery of such notice to such Term Lenders (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to the Auction Agent) (the "**Solicited Discounted Prepayment Response Date**"). Each Term Lender's Solicited Discounted Prepayment Offer shall (x) be irrevocable, (y) remain outstanding until the Acceptance Date, and (z) specify both a discount to par (the "**Offered Discount**") at which such Term Lender is willing to allow prepayment of its then outstanding Term Loan and the maximum aggregate principal amount and tranches of such Term Loans (the "**Offered Amount**") such Term Lender is willing to have prepaid at the Offered Discount. Any Term Lender whose Solicited Discounted Prepayment Offer is not received by the Auction Agent by the Solicited Discounted Prepayment Response Date shall be deemed to have declined prepayment of any of its Term Loans at any discount.

(2) The Auction Agent shall promptly provide the relevant Company Party with a copy of all Solicited Discounted Prepayment Offers received on or before the Solicited Discounted Prepayment Response Date. Such Company Party shall review all such Solicited Discounted Prepayment Offers and select the largest of the Offered Discounts specified by the relevant responding Term Lenders in the Solicited Discounted Prepayment Offers that is acceptable to the Company Party in its sole discretion (the "**Acceptable Discount**"), if any. If the Company Party elects, in its sole discretion, to accept any Offered Discount as the Acceptable Discount, then in no event later than by the third Business Day after the date of receipt by such Company Party from the Auction Agent of a copy of all Solicited Discounted Prepayment Offers pursuant to the first sentence of this subsection (2) (the "**Acceptance Date**"), the Company Party shall submit an Acceptance and Prepayment Notice to the Auction Agent setting forth the Acceptable Discount. If the Auction Agent shall fail to receive an Acceptance and Prepayment Notice from the Company Party by the Acceptance Date, such Company Party shall be deemed to have rejected all Solicited Discounted Prepayment Offers.

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(3) Based upon the Acceptable Discount and the Solicited Discounted Prepayment Offers received by Auction Agent by the Solicited Discounted Prepayment Response Date, within three (3) Business Days after receipt of an Acceptance and Prepayment Notice (the “**Discounted Prepayment Determination Date**”), the Auction Agent will determine (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) the aggregate principal amount and the tranches of Term Loans (the “**Acceptable Prepayment Amount**”) to be prepaid by the relevant Company Party at the Acceptable Discount in accordance with this Section 2.06(a)(iv)(D). If the Company Party elects to accept any Acceptable Discount, then the Company Party agrees to accept all Solicited Discounted Prepayment Offers received by Auction Agent by the Solicited Discounted Prepayment Response Date, in the order from largest Offered Discount to smallest Offered Discount, up to and including the Acceptable Discount. Each Term Lender that has submitted a Solicited Discounted Prepayment Offer with an Offered Discount that is greater than or equal to the Acceptable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Offered Amount (subject to any required pro-rata reduction pursuant to the following sentence) at the Acceptable Discount (each such Lender, a “**Qualifying Lender**”). The Company Party will prepay outstanding Term Loans pursuant to this subsection (D) to each Qualifying Lender in the aggregate principal amount and of the tranches specified in such Lender’s Solicited Discounted Prepayment Offer at the Acceptable Discount; provided that if the aggregate Offered Amount by all Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount exceeds the Solicited Discounted Prepayment Amount, prepayment of the principal amount of the Term Loans for those Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount (the “**Identified Qualifying Lenders**”) shall be made pro rata among the Identified Qualifying Lenders in accordance with the Offered Amount of each such Identified Qualifying Lender and the Auction Agent (in consultation with such Company Party and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) will calculate such proration (the “**Solicited Discount Proration**”). On or prior to the Discounted Prepayment Determination Date, the Auction Agent shall promptly notify (I) the relevant Company Party of the Discounted Prepayment Effective Date and Acceptable Prepayment Amount comprising the Discounted Term Loan Prepayment and the tranches to be prepaid, (II) each Term Lender of the Discounted Prepayment Effective Date, the Acceptable Discount, and the Acceptable Prepayment Amount of all Term Loans and the tranches to be prepaid at the Applicable Discount on such date, (III) each Qualifying Lender of the aggregate principal amount and the tranches of such Term Lender to be prepaid at the Acceptable Discount on such date, and (IV) if applicable, each Identified Qualifying Lender of the Solicited Discount Proration. Each determination by the Auction Agent of the amounts stated in the foregoing notices to such Company Party and Term Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to such Company Party shall be due and payable by such Company Party on the Discounted Prepayment Effective Date in accordance with subsection (F) below (subject to subsection (J) below).

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(E) In connection with any Discounted Term Loan Prepayment, the Company Parties and the Term Lenders acknowledge and agree that the Auction Agent may require as a condition to any Discounted Term Loan Prepayment, the payment of customary and documented fees and out-of-pocket expenses from a Company Party in connection therewith.

(F) If any Term Loan is prepaid in accordance with paragraphs (B) through (D) above, a Company Party shall prepay such Term Loans on the Discounted Prepayment Effective Date, without premium or penalty. The relevant Company Party shall make such prepayment to the Administrative Agent, for the account of the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable, at the Administrative Agent's Office in immediately available funds not later than 1:00 p.m. on the Discounted Prepayment Effective Date and all such prepayments shall be applied to the remaining principal installments of the relevant tranche of Term Loans on a pro-rata basis across such installments. The Term Loans so prepaid shall be accompanied by all accrued and unpaid interest on the par principal amount so prepaid up to, but not including, the Discounted Prepayment Effective Date. Each prepayment of the outstanding Term Loans pursuant to this Section 2.06(a)(iv) shall be paid to the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable, and shall be applied to the relevant Term Loans of such Term Lenders in accordance with their respective Pro Rata Share or other applicable share hereunder. The aggregate principal amount of the tranches and installments of the relevant Term Loans outstanding shall be deemed reduced by the full par value of the aggregate principal amount of the tranches of Term Loans prepaid on the Discounted Prepayment Effective Date in any Discounted Term Loan Prepayment.

(G) To the extent not expressly provided for herein, each Discounted Term Loan Prepayment shall be consummated pursuant to procedures consistent with the provisions in this Section 2.06(a)(iv), established by the Auction Agent acting in its reasonable discretion and as reasonably agreed by the applicable Company Party.

(H) Notwithstanding anything in any Loan Document to the contrary, for purposes of this Section 2.06(a)(iv), each notice or other communication required to be delivered or otherwise provided to the Auction Agent (or its delegate) shall be deemed to have been given upon the Auction Agent's (or its delegate's) actual receipt during normal business hours of such notice or communication; provided that any notice or communication actually received outside of normal business hours shall be deemed to have been given as of the opening of business on the next Business Day.

(I) Each of the Company Parties and the Term Lenders acknowledge and agree that the Auction Agent may perform any and all of its duties under this Section 2.06(a)(iv) by itself or through any Affiliate of the Auction Agent and expressly consents to any such delegation of duties by the Auction Agent to such Affiliate and the performance of such delegated duties by such Affiliate. The exculpatory provisions pursuant to this Agreement shall apply to each Affiliate of the Auction Agent and its respective activities in connection with any Discounted Term Loan Prepayment provided for in this Section 2.06(a)(iv) as well as activities of the Auction Agent.

(J) Each Company Party shall have the right, by written notice to the Auction Agent, to revoke or modify its offer to make a Discounted Term Loan Prepayment and rescind the applicable Specified Discount Prepayment

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Notice, Discount Range Prepayment Notice or Solicited Discounted Prepayment Notice therefor at its discretion at any time on or prior to the applicable Specified Discount Prepayment Response Date.

(K) Any failure by such Company Party to make any prepayment to a Lender, as applicable, pursuant to this Section 2.06(a)(iv) shall not constitute a Default or Event of Default under Section 8.01 or otherwise.

(b) *Mandatory.* (i) Within five (5) Business Days after financial statements have been delivered pursuant to Section 6.01(a) and the related Compliance Certificate has been delivered pursuant to Section 6.02(a), the Borrower shall cause to be prepaid Term Loans in an aggregate principal amount equal to (A) 50% of Excess Cash Flow, if any, for the fiscal year covered by such financial statements (commencing with the fiscal year ending December 31, 2017) minus (B) the sum of (without duplication) (1) all voluntary prepayments of Term Loans (excluding prepayments pursuant to Section 2.06(a)(iv)) during such fiscal year (excluding any voluntary prepayments of Term Loans made during such fiscal year that reduced the amount required to be prepaid pursuant to this Section 2.06(b)(i) in the prior fiscal year) or after year-end and prior to when such Excess Cash Flow prepayment is due and (2) all voluntary prepayments of Revolving Credit Loans during such fiscal year (excluding any voluntary prepayments of Revolving Credit Loans made during such fiscal year that reduced the amount required to be prepaid pursuant to this Section 2.06(b)(i) in the prior fiscal year) or after year-end and prior to when such Excess Cash Flow prepayment is due to the extent the Revolving Credit Commitments are permanently reduced by the amount of such payments, but in the case of each of the immediately preceding clauses (1) and (2), to the extent such prepayments are funded with Internally Generated Cash; provided that (x) the percentage of Excess Cash Flow specified in clause (A) above shall instead be 25% if the Consolidated First Lien Net Leverage Ratio as of the last day of the fiscal year covered by such financial statements was less than or equal to 3.75 to 1.00 but greater than 3.25 to 1.00 and (y) no payment of any Term Loans shall be required under this Section 2.06(b)(i) if the Consolidated First Lien Net Leverage Ratio as of the last day of the fiscal year covered by such financial statements was less than or equal to 3.25 to 1.00.

(ii) (A) If (x) the Borrower or any Restricted Subsidiary Disposes of any property or assets (other than any Disposition of any property or assets permitted by Section 7.05(a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (m), (o), (p), (q), (r) or (s)) or (y) any Casualty Event occurs, which in the aggregate results in the realization or receipt by the Borrower or such Restricted Subsidiary of Net Cash Proceeds, the Borrower shall cause to be prepaid on or prior to the date which is ten (10) Business Days after the date of the realization or receipt of such Net Cash Proceeds, Term Loans in an aggregate principal amount equal to 100% of all Net Cash Proceeds received; provided that, if at the time that any such prepayment would be required, the Borrower is required to offer to repurchase or prepay Permitted Pari Passu Secured Refinancing Debt or Incremental Equivalent Debt or other Indebtedness permitted by Section 7.03 that is secured on a *pari passu* basis with the Obligations (or, in each case, any Indebtedness pursuant to a Permitted Refinancing in respect thereof that is secured on a *pari passu* basis with the Obligations) pursuant to the terms of the documentation governing such Indebtedness with such Net Cash Proceeds (such Permitted Pari Passu Secured Refinancing Debt or Incremental Equivalent Debt or other Indebtedness permitted by Section 7.03 that is secured on a *pari passu* basis with the Obligations (or, in each case, any Indebtedness pursuant to a Permitted Refinancing in respect thereof) required to be offered to be so repurchased or prepaid, "**Other Applicable Indebtedness**"), then the Borrower may apply such Net Cash Proceeds on a pro rata basis (determined on the basis of the aggregate outstanding principal amount of the Term Loans and Other Applicable Indebtedness at such time; provided, further that the portion of such net proceeds allocated to the Other Applicable Indebtedness shall not exceed the amount of such net proceeds

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required to be allocated to the Other Applicable Indebtedness pursuant to the terms thereof, and the remaining amount, if any, of such net proceeds shall be allocated to the Term Loans in accordance with the terms hereof) to the prepayment of the Term Loans and to the repurchase or prepayment of Other Applicable Indebtedness, and the amount of prepayment of the Term Loans that would have otherwise been required pursuant to this Section 2.06(b)(ii)(A) shall be reduced accordingly; provided, further, that to the extent the holders of Other Applicable Indebtedness decline to have such Indebtedness repurchased or prepaid, the declined amount shall promptly (and in any event within ten (10) Business Days after the date of such rejection) be applied to prepay the Term Loans in accordance with the terms hereof; provided, further that no such prepayment shall be required pursuant to this Section 2.06(b)(ii) with respect to such portion of such Net Cash Proceeds that the Borrower shall have, on or prior to such date, given written notice to the Administrative Agent of its intent to reinvest in accordance with Section 2.06(b)(ii)(B);

(B) With respect to any Net Cash Proceeds realized or received with respect to any Disposition (other than any Disposition specifically excluded from the application of Section 2.06(b)(ii)(A)) or any Casualty Event, at the option of the Borrower, the Borrower may reinvest all or any portion of such Net Cash Proceeds in assets useful for its business or the business of any of the Restricted Subsidiaries within (x) twelve (12) months following receipt of such Net Cash Proceeds or (y) if the Borrower or the relevant Restricted Subsidiary enters into a legally binding commitment to reinvest such Net Cash Proceeds within twelve (12) months following receipt thereof, within the later of (a) one hundred and eighty (180) days following the date of such legally binding commitment and (b) twelve (12) months following receipt of such Net Cash Proceeds; provided that if any Net Cash Proceeds are no longer intended to be or cannot be so reinvested (whether because the applicable reinvestment period has expired or otherwise) at any time after delivery of a notice of reinvestment election, an amount equal to any such Net Cash Proceeds shall be applied within five (5) Business Days after the Borrower reasonably determines that such Net Cash Proceeds are no longer intended to be or cannot be so reinvested to the prepayment of the Term Loans as set forth in this Section 2.06.

(iii) If the Borrower or any Restricted Subsidiary incurs or issues any Indebtedness (A) not expressly permitted to be incurred or issued pursuant to any clause of Section 7.03 or (B) that constitute Credit Agreement Refinancing Indebtedness, the Borrower shall cause to be prepaid Term Loans in an aggregate principal amount equal to 100% of all Net Cash Proceeds received therefrom on or prior to the date which is five (5) Business Days after the receipt of such Net Cash Proceeds.

(iv) [Reserved].

(v) [Reserved].

(vi) If for any reason the aggregate Revolving Credit Exposures at any time exceeds the aggregate Revolving Credit Commitments then in effect, the Borrower shall promptly prepay or cause to be promptly prepaid Revolving Credit Loans and Swing Line Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided that the Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant

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to this Section 2.06(b)(vi) unless after the prepayment in full of the Revolving Credit Loans and Swing Line Loans, such aggregate Outstanding Amount exceeds the aggregate Revolving Credit Commitments then in effect.

(vii) [Reserved].

(viii) Except with respect to Loans incurred in connection with any Refinancing Amendment, Term Loan Extension Request or any Incremental Amendment (other than the Incremental and Amendment and Restatement Agreement), (A) each prepayment of Term Loans pursuant to this Section 2.06(b) shall be applied ratably to each Class of Term Loans then outstanding (provided that (i) any prepayment of Term Loans with the Net Cash Proceeds of, or in exchange for, Credit Agreement Refinancing Indebtedness shall be applied solely to each applicable Class of Refinanced Debt selected by the Borrower, and (ii) any Class of Extended Term Loans, Other Term Loans and Incremental Term Loans may specify that one or more other Classes of Term Loans may be prepaid prior to such Class of Extended Term Loans, Other Term Loans or Incremental Term Loans), (B) with respect to each Class of Term Loans, each prepayment pursuant to clauses (i) through (iii) of this Section 2.06(b) shall be applied in direct order of maturity to repayments thereof required pursuant to Section 2.08(a), and (C) each prepayment of Term Loans pursuant to this Section 2.06(b) shall be paid to the Appropriate Lenders in accordance with their respective Pro Rata Shares, subject to clause (ix) of this Section 2.06(b) in respect of Term Loans. Any prepayment of a Eurocurrency Rate Loan pursuant to this Section 2.06(b) shall be accompanied by all accrued interest thereon. Any prepayment of Term B Loans made on or prior to the date that is six months after the Amendment and Restatement Effective Date pursuant to Section 2.06(b)(iii) as part of a Repricing Transaction shall be accompanied by the fee set forth in Section 2.10(b).

(ix) The Borrower shall notify the Administrative Agent in writing of any mandatory prepayment of Term Loans required to be made pursuant to clauses (i) through (iii) of this Section 2.06(b) at least three (3) Business Days prior to the date of any such prepayment. Each such notice shall specify the date of such prepayment and provide a reasonably detailed calculation of the amount of such prepayment. The Administrative Agent will promptly notify each Appropriate Lender of the contents of the Borrower's prepayment notice and of such Appropriate Lender's Pro Rata Share of the prepayment. Each Appropriate Lender may reject all or a portion of its Pro Rata Share of any mandatory prepayment of Term Loans required to be made pursuant to clauses (i) through (iii) of this Section 2.06(b) by providing written notice (each, a "Rejection Notice") to the Administrative Agent no later than 5:00 p.m. one Business Day after the date of such Lender's receipt of notice from the Administrative Agent regarding such prepayment; provided that no Lender may reject any prepayment made under Section 2.06(b)(iii)(B). Each Rejection Notice from a given Lender shall specify the principal amount of the mandatory repayment of Term Loans to be rejected by such Lender (such amounts so rejected, "Rejected Amounts"). If a Lender fails to deliver a Rejection Notice to the Administrative Agent within the time frame specified above or such Rejection Notice fails to specify the principal amount of the Term Loans to be rejected, any such failure will be deemed an acceptance of the total amount of such mandatory repayment of Term Loans. In the event a Lender rejects all or any portion of its Pro Rata Share of any mandatory prepayment of Term Loans required pursuant to clauses (i) through (iii) of this Section 2.06(b), the rejected portion of such Lender's Pro Rata Share of such prepayment shall be retained by the Borrower (such Rejected Amounts, the "Borrower Retained Prepayment Amounts").

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(x) Notwithstanding any other provisions of this Section 2.06, (i) to the extent that any of or all the Net Cash Proceeds of any Disposition by a Foreign Subsidiary (“Foreign Disposition”), the Net Cash Proceeds of any Casualty Event from a Foreign Subsidiary (a “Foreign Casualty Event”) or Excess Cash Flow attributable to Foreign Subsidiaries are prohibited or delayed by applicable local law from being repatriated to the United States, the portion of such Net Cash Proceeds or Excess Cash Flow so affected will not be required to be applied to repay Term Loans at the times provided in this Section 2.06(b) but may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States (the Borrower hereby agreeing to use commercially reasonable efforts to cause the applicable Foreign Subsidiary to promptly take all actions reasonably required by the applicable local law to permit such repatriation), and once such repatriation of any of such affected Net Cash Proceeds or Excess Cash Flow is permitted under the applicable local law, such repatriation will be promptly effected and an amount equal to such repatriated Net Cash Proceeds or Excess Cash Flow will be promptly (and in any event not later than five (5) Business Days after such repatriation) applied (net of additional taxes payable or reserved against as a result thereof) to the repayment of the Term Loans pursuant to this Section 2.06(b) to the extent provided herein and (ii) to the extent that the Borrower has determined in good faith that repatriation of any of or all the Net Cash Proceeds of any Foreign Disposition or any Foreign Casualty Event or Excess Cash Flow attributable to Foreign Subsidiaries would have material adverse tax consequences with respect to such Net Cash Proceeds or Excess Cash Flow, such Net Cash Proceeds or Excess Cash Flow so affected will not be required to be applied to repay Term Loans at the times provided in this Section 2.06(b) but may be retained by the applicable Foreign Subsidiary until such time as it may repatriate such amount without incurring such material adverse tax consequences (at which time such amount shall be repatriated to the Borrower and applied to repay the Term Loans).

(c) *Funding Losses, Etc.* All prepayments under this Section 2.06 shall be made together with, in the case of any such prepayment of a Eurocurrency Rate Loan on a date prior to the last day of an Interest Period therefor, any amounts owing in respect of such Eurocurrency Rate Loan pursuant to Section 3.05. Notwithstanding any of the other provisions of Section 2.06(b), so long as no Event of Default shall have occurred and be continuing, if any prepayment of Eurocurrency Rate Loans is required to be made under Section 2.06(b) (but excluding prepayments required under clause (vi) of Section 2.06(b)), prior to the last day of the Interest Period therefor, in lieu of making any payment pursuant to Section 2.06(b) in respect of any such Eurocurrency Rate Loan prior to the last day of the Interest Period therefor, the Borrower may, in its sole discretion, deposit the amount of any such prepayment otherwise required to be made thereunder into a Cash Collateral Account until the last day of such Interest Period, at which time the Administrative Agent shall be authorized (without any further action by or notice to or from the Borrower or any other Loan Party) to apply such amount to the prepayment of such Loans in accordance with Section 2.06(b). Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall also be authorized (without any further action by or notice to or from the Borrower or any other Loan Party) to apply such amount to the prepayment of the outstanding Loans in accordance with Section 2.06(b) and the Borrower shall be responsible for any amounts owing in respect of any Eurocurrency Rate Loan pursuant to Section 3.05.

Section 2.07. Termination or Reduction of Commitments. (a) *Optional.* The Borrower may, upon written notice to the Administrative Agent, terminate the unused Commitments of any Class, or from time to time permanently reduce the unused Commitments of any Class; provided that (i) any such notice shall be received by the Administrative Agent at least three (3) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate

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amount of \$500,000 or any whole multiple of \$100,000 in excess thereof and (iii) if, after giving effect to any reduction of the Revolving Credit Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Revolving Credit Facility, such sublimit shall be automatically reduced by the amount of such excess. The amount of any such Revolving Credit Commitment reduction shall not be applied to the Letter of Credit Sublimit or the Swing Line Sublimit unless otherwise specified by the Borrower or as otherwise provided in the immediately preceding sentence. Notwithstanding the foregoing, the Borrower may rescind or postpone any notice of termination of the Commitments if such termination would have resulted from a refinancing of all of the applicable Facility, which refinancing shall not be consummated or otherwise shall be delayed.

(b) *Mandatory.* The Effective Date Term B Commitment of each Effective Date Term B Lender shall be automatically and permanently reduced to \$0 upon the making of such Effective Date Term B Lender's Effective Date Term B Loans pursuant to the Incremental and Amendment and Restatement Agreement. All outstanding Delayed Draw Term B Commitments shall automatically terminate on the earlier of (x) the making of the Delayed Draw Term B Loans on the Delayed Draw Funding Date and (y) the Delayed Draw Termination Date, whether or not the full amount of available Delayed Draw Term B Commitments are borrowed. The Revolving Credit Commitment of each Revolving Credit Lender shall automatically and permanently terminate on the Maturity Date for the Revolving Credit Facility; provided that (x) the foregoing shall not release any Revolving Credit Lender from any liability it may have for its failure to fund Revolving Credit Loans, L/C Advances or participations in Swing Line Loans that were required to be funded by it on or prior to such Maturity Date and (y) the foregoing will not release any Revolving Credit Lender from any obligation to fund its portion of L/C Advances or participations in Swing Line Loans with respect to Letters of Credit issued or Swing Line Loans made prior to such Maturity Date.

(c) *Application of Commitment Reductions; Payment of Fees.* The Administrative Agent will promptly notify the Lenders of any termination or reduction of unused portions of the Letter of Credit Sublimit, the Swing Line Sublimit or the unused Commitments of any Class under this Section 2.07. Upon any reduction of unused Commitments of any Class, the Commitment of each Lender of such Class shall be reduced by such Lender's Pro Rata Share of the amount by which such Commitments are reduced (other than the termination of the Commitment of any Lender as provided in Section 3.07). All commitment fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

Section 2.08. Repayment of Loans.

(a) *Term Loans.*

(i) The Borrower shall repay to the Administrative Agent for the ratable account of the Term B Lenders (A) on the last Business Day of each March, June, September and December, commencing with the last Business Day of March, 2017, an aggregate amount equal to 0.25% of the aggregate principal amount of all Effective Date Term B Loans and, if funded, all Delayed Draw Term B Loans, if any (which payments shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.06 and Section 10.07(n)) and (B) on the Maturity Date for the Term B Loans, the aggregate principal amount of all Term B Loans outstanding on such date.

(ii) The amount of any such payment set forth in clause (i) above shall be adjusted to account for the addition of any Incremental Term Loans, Extended Term Loans or Other Term Loans to contemplate (A) the reduction

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in the aggregate principal amount of any Term Loans that were paid down in connection with the incurrence of such Incremental Term Loans, Extended Term Loans or Other Term Loans, and (B) any increase to payments to the extent and as required pursuant to the terms of any applicable Incremental Amendment, Extension Amendment or Refinancing Amendment.

(b) *Revolving Credit Loans.* The Borrower shall repay to the Administrative Agent for the ratable account of the Appropriate Lenders on the Maturity Date for the Revolving Credit Facility the aggregate principal amount of all of its Revolving Credit Loans outstanding on such date.

(c) *Swing Line Loans.* The Borrower shall repay its Swing Line Loans on the earlier to occur of (i) the date five (5) Business Days after such Swing Line Loan is made and (ii) the Maturity Date for the Revolving Credit Facility.

Section 2.09. Interest. (a) Subject to the provisions of Section 2.09(b), (i) each Eurocurrency Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus the Applicable Rate; (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate for Revolving Credit Loans.

(b) The Borrower shall pay interest on past due amounts hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws; provided that no interest at the Default Rate shall accrue or be payable to a Defaulting Lender so long as such Lender shall be a Defaulting Lender. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(d) All computations of interest hereunder shall be made in accordance with Section 2.11.

Section 2.10. Fees. In addition to certain fees described in Sections 2.03(h) and (i):

(a) *Commitment Fee.* The Borrower shall pay to the Administrative Agent for the account of each Revolving Credit Lender in accordance with its Pro Rata Share, a commitment fee equal to the Applicable Rate with respect to commitment fees times the actual daily amount by which the aggregate Revolving Credit Commitment exceeds the sum of (A) Outstanding Amount of Revolving Credit Loans (for the avoidance of doubt, excluding any Swing Line Loans) and (B) the Outstanding Amount of L/C Obligations; provided that any commitment fee accrued with respect to any of the Revolving Credit Commitments of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall not be payable by the Borrower so long as such Lender shall be a Defaulting Lender except to the extent that such commitment fee shall otherwise have been due and payable by

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the Borrower prior to such time; and provided, further, that no commitment fee shall accrue on any of the Revolving Credit Commitments of a Defaulting Lender so long as such Lender shall be a Defaulting Lender. The commitment fee shall accrue at all times from the Closing Date until the Maturity Date for the Revolving Credit Facility, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Maturity Date for the Revolving Credit Facility. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) At the time of the effectiveness of any Repricing Transaction that is consummated on or prior to the date that is six months after the Amendment and Restatement Effective Date, the Borrower agrees to pay to the Administrative Agent, for the ratable account of each Term B Lenders with Term B Loans that are either prepaid, refinanced, substituted, replaced or otherwise subjected to a pricing reduction in connection with such Repricing Transaction (including each Term B Lender that withholds its consent to such Repricing Transaction and is replaced as a Lender, or whose outstanding Term B Loans are repaid in full, under Section 3.07(a)), a fee in an amount equal to 1.0% of (x) in the case of a Repricing Transaction described in clause (i) of the definition thereof, the aggregate principal amount of all Term B Loans prepaid, refinanced, substituted or replaced in connection with such Repricing Transaction and (y) in the case of a Repricing Transaction described in clause (ii) of the definition thereof, the aggregate principal amount of all Term B Loans outstanding on such date that are subject to an effective pricing reduction pursuant to such Repricing Transaction. Such fees shall be earned, due and payable upon the date of the effectiveness of such Repricing Transaction.

(c) [Reserved].

(d) The Borrower agrees to pay on the Amendment and Restatement Effective Date to each Effective Date Term B Lender a closing fee in an amount equal to 0.25% of the stated principal amount (as applicable) of such Lender's Effective Date Term B Loan, payable to such Lender as and when funded on the Amendment and Restatement Effective Date. Such closing fees shall be in all respects fully earned, due and payable on the Amendment and Restatement Effective Date and non-refundable and non-creditable for any reason whatsoever thereafter.

(e) The Borrower agrees to pay on the Delayed Draw Funding Date to each Delayed Draw Term B Lender a closing fee in an amount equal to 0.25% of the stated principal amount (as applicable) of such Lender's Delayed Draw Term B Loan, payable to such Lender as and when funded on the Delayed Draw Funding Date. Such closing fees shall be in all respects fully earned, due and payable on the Delayed Draw Funding Date and non-refundable and non-creditable for any reason whatsoever thereafter.

(f) Commencing on the date that is 30 days after the Amendment and Restatement Effective Date, the Borrower shall pay to the Administrative Agent for the account of each Delayed Draw Term B Lender in accordance with its Pro Rata Share a commitment fee (the "**Delayed Draw Commitment Fee**") in an amount per annum equal to the sum of (x) the Applicable Rate for Term B Loans that are Eurocurrency Rate Loans plus (y) the LIBOR Floor in

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respect of Term B Loans, in each case on the average daily unused amount of the Delayed Draw Term B Commitments then in effect. The Delayed Draw Commitment Fee shall be payable on the earlier of the Delayed Draw Termination Date and the Delayed Draw Funding Date.

(g) *Other Fees.* The Borrower shall pay to the Agents such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever (except as expressly agreed between the Borrower and the applicable Agent).

Section 2.11. Computation of Interest and Fees. All computations of interest for Base Rate Loans when the Base Rate is determined by the Administrative Agent's "prime rate" shall be made on the basis of a year of three hundred and sixty-five (365) days (or three hundred and sixty six (366) days, as the case may be) and actual days elapsed. All other computations of fees and interest shall be made on the basis of a three hundred and sixty (360) day year and actual days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.13(a), bear interest for one (1) day. In computing interest on any Loan, the first day of an Interest Period applicable to such Loan or, with respect to a Base Rate Loan being converted from a Eurocurrency Rate Loan, the date of conversion of such Eurocurrency Rate Loan to such Base Rate Loan, as the case may be, shall be included, and the expiration date of an Interest Period applicable to such Loan or, with respect to a Base Rate Loan being converted to a Eurocurrency Rate Loan, the date of conversion of such Base Rate Loan to such Eurocurrency Rate Loan, as the case may be, shall be excluded. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 2.12. Evidence of Indebtedness. (a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and evidenced by one or more entries in the Register maintained by the Administrative Agent, acting solely for purposes of Treasury Regulation Section 5f.103-1(c), as agent for the Borrower, in each case in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be prima facie evidence absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note payable to such Lender, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in Section 2.12(a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records and, in the case of the Administrative Agent, entries in the Register in accordance with the provisions of Section 10.07(d), evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any

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conflict between the accounts and records maintained by the Administrative Agent in the Register and the accounts and records of any Lender in respect of such matters, the Register shall control in the absence of manifest error.

(c) Entries made in good faith by the Administrative Agent in the Register, and by each Lender in its account or accounts pursuant to Sections 2.12(a) and (b), shall be *prima facie* evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement and the other Loan Documents, absent manifest error; provided that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement and the other Loan Documents.

Section 2.13. Payments Generally. (a) All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Loans to be made in the next succeeding calendar month, such payment shall be made on the immediately preceding Business Day.

(c) Unless the Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in Same Day Funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in Same Day Funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in Same Day Funds at the Federal Funds Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in Same Day Funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered

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by the Administrative Agent (the "Compensation Period") at a rate per annum equal to the applicable Federal Funds Rate from time to time in effect. When such Lender makes payment to the Administrative Agent (together with all accrued interest thereon), then such payment amount (excluding the amount of any interest which may have accrued and been paid in respect of such late payment) shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this Section 2.13(c) shall be conclusive, absent manifest error.

(d) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) The obligations of the Lenders hereunder to make Loans and to fund participations in Letters of Credit and Swing Line Loans are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

(f) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(g) Whenever any payment received by the Administrative Agent under this Agreement or any of the other Loan Documents is insufficient to pay in full all amounts due and payable to the Administrative Agent and the Lenders under or in respect of this Agreement and the other Loan Documents on any date, such payment shall be distributed by the Administrative Agent and applied by the Administrative Agent and the Lenders in the order of priority set forth in Section 8.04. If the Administrative Agent receives funds for application to the Obligations of the Loan Parties under or in respect of the Loan Documents under circumstances for which the Loan Documents do not specify the manner in which such funds are to be applied, the Administrative Agent may, but shall not be obligated to, elect to distribute such funds to each of the Lenders in accordance with such Lender's Pro Rata Share of the sum of (a) the Outstanding Amount of all Loans outstanding at such time and (b) the Outstanding Amount of all L/C Obligations outstanding at such time, in repayment or prepayment of such of the outstanding Loans or other Obligations then owing to such Lender.

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Section 2.14. Sharing of Payments. If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Loans made by it, or the participations in L/C Obligations and Swing Line Loans held by it, any payment of principal or interest (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them and/or such subparticipations in the participations in L/C Obligations or Swing Line Loans held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loans or such participations, as the case may be, pro rata with each of them; provided that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. For the avoidance of doubt, the provisions of this paragraph shall not be construed to apply to (A) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement as in effect from time to time (including the application of funds arising from the existence of a Defaulting Lender) or (B) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant permitted hereunder. The Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by applicable Law, exercise all its rights of payment (including the right of setoff, but subject to Section 10.09) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section 2.14 and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section 2.14 shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

Section 2.15. Extension of Term Loans; Extension of Revolving Credit Loans.

(a) *Extension of Term Loans.* The Borrower may at any time and from time to time request that all or a portion of the Term Loans of a given Class (each, an "**Existing Term Loan Tranche**") be amended to extend the scheduled Maturity Date(s) with respect to all or a portion of any principal amount of such Term Loans (any such Term Loans which have been so amended, "**Extended Term Loans**") and to provide for other terms consistent with this Section 2.15. In order to establish any Extended Term Loans, the Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders under the applicable Existing Term Loan Tranche) (each, a "**Term Loan Extension Request**") setting forth the proposed terms of the Extended Term Loans to be established, which shall (x) be identical as offered to each Lender under such Existing Term Loan Tranche (including as to the proposed interest rates and fees payable, but excluding any arrangement, structuring or other fees payable in connection therewith that are not generally shared with all relevant Lenders) and offered pro rata to each Lender under such Existing Term Loan Tranche and (y) be identical to the Term Loans under the Existing Term Loan Tranche from which such Extended Term Loans are intended to be amended, except that: (i) all or any of the scheduled amortization payments of principal of the Extended Term Loans may be delayed to later dates than the scheduled

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amortization payments of principal of the Term Loans of such Existing Term Loan Tranche, to the extent provided in the applicable Extension Amendment; (ii) the All-In Yield with respect to the Extended Term Loans (whether in the form of interest rate margin, upfront fees, original issue discount or otherwise) may be different from the All-In Yield for the Term Loans of such Existing Term Loan Tranche, in each case, to the extent provided in the applicable Extension Amendment; (iii) the Extension Amendment may provide for other covenants and terms that apply solely to any period after the Latest Maturity Date that is in effect on the effective date of the Extension Amendment (immediately prior to the establishment of such Extended Term Loans); and (iv) Extended Term Loans may have call protection as may be agreed by the Borrower and the Lenders thereof; provided, however, that (A) no Event of Default shall have occurred and be continuing at the time a Term Loan Extension Request is delivered to Lenders, (B) in no event shall the Maturity Date of any Extended Term Loans of a given Term Loan Extension Series at the time of establishment thereof be earlier than the then Latest Maturity Date of any other Term Loans hereunder, (C) the Weighted Average Life to Maturity of any Extended Term Loans of a given Term Loan Extension Series at the time of establishment thereof shall be no shorter than the remaining Weighted Average Life to Maturity of any Existing Term Loan Tranche (as originally in effect prior to any amortization or prepayments thereto), (D) all documentation in respect of such Extension Amendment shall be consistent with the foregoing and (E) any Extended Term Loans may participate on a pro rata basis or less than or greater than a pro rata basis in any voluntary repayments or prepayments of principal of Term Loans hereunder and on a pro rata basis or less than a pro rata basis (but not greater than a pro rata basis except in the case of a prepayment under Section 2.06(b)(iii)(B)) in any mandatory repayments or prepayments of principal of Term Loans hereunder, in each case as specified in the respective Term Loan Extension Request. Any Extended Term Loans amended pursuant to any Term Loan Extension Request shall be designated a series (each, a “Term Loan Extension Series”) of Extended Term Loans for all purposes of this Agreement; provided that any Extended Term Loans amended from an Existing Term Loan Tranche may, to the extent provided in the applicable Extension Amendment, be designated as an increase in any previously established Class of Term Loans (in which case scheduled amortization with respect thereto shall be proportionately increased). Each request for a Term Loan Extension Series of Extended Term Loans proposed to be incurred under this Section 2.15 shall be in an aggregate principal amount that is not less than \$10,000,000 (it being understood that the actual principal amount thereof provided by the applicable Lenders may be lower than such minimum amount) and the Borrower may impose an Extension Minimum Condition with respect to any Term Loan Extension Request, which may be waived by the Borrower in its sole discretion.

(b) *Extension of Revolving Credit Commitments.* The Borrower may, at any time and from time to time request that all or a portion of the Revolving Credit Commitments (and related Revolving Credit Loans and other related extensions of Credit) of a given Class (each, an “Existing Revolver Tranche”) be amended to extend the scheduled Maturity Date(s) with respect to all or a portion of such Revolving Credit Commitments (any such Revolving Credit Commitments which have been so amended, “Extended Revolving Credit Commitments” and the revolving loans thereunder, “Extended Revolving Credit Loans”) and to provide for other terms consistent with this Section 2.15. In order to establish any Extended Revolving Credit Commitments, the Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders under the applicable Existing Revolver Tranche) (each, a “Revolver Extension Request”) setting forth the proposed terms of the Extended Revolving Credit Commitments to be established, which shall (x) be identical as offered to each Lender under such Existing Revolver Tranche (including as to the proposed interest rates and fees payable, but excluding any arrangement, structuring or other fees payable in connection therewith that are not generally shared with all relevant Lenders) and offered pro rata to each Lender under such Existing Revolver Tranche and (y) be identical to the Revolving Credit Commitments under the Existing Revolver Tranche from which such Extended Revolving Credit Commitments are to be amended, except that: (i) the Maturity Date of the Extended Revolving Credit Commitments may be delayed to a later date than

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the Maturity Date of the Revolving Credit Commitments of such Existing Revolver Tranche, to the extent provided in the applicable Extension Amendment; provided, however, that at no time shall there be Classes of Revolving Credit Commitments hereunder (including Other Revolving Credit Commitments, Incremental Revolving Credit Commitments and Extended Revolving Credit Commitments) which have more than three (3) different Maturity Dates (unless otherwise consented to by the Administrative Agent); (ii) the All-In Yield with respect to extensions of credit under the Extended Revolving Credit Commitments (whether in the form of interest rate margin, upfront fees or otherwise) may be different than the All-In Yield for extensions of credit under the Revolving Credit Commitments of such Existing Revolver Tranche, in each case, to the extent provided in the applicable Extension Amendment; (iii) the Extension Amendment may provide for other covenants and terms that apply solely to any period after the Latest Maturity Date that is in effect on the effective date of the Extension Amendment (immediately prior to the establishment of such Extended Revolving Credit Commitments); and (iv) all borrowings under the applicable Revolving Credit Commitments (i.e., the Existing Revolver Tranche and the Extended Revolving Credit Commitments of the applicable Revolver Extension Series) and repayments thereunder shall be made on a pro rata basis (except for (I) payments of interest and fees at different rates on Extended Revolving Credit Commitments (and related outstandings), (II) repayments required upon the Maturity Date of the non-extending Revolving Credit Commitments and (III) repayments made in connection with a permanent repayment and termination of commitments) and all Swing Line Loans and Letters of Credit shall be participated on a pro rata basis by all Lenders with Revolving Credit Commitments (subject to the provisions of Sections 2.03(l) and 2.04(g)); provided, further, that (A) no Event of Default shall have occurred and be continuing at the time a Revolver Extension Request is delivered to Lenders, (B) in no event shall the Maturity Date of any Extended Revolving Credit Commitments of a given Revolver Extension Series at the time of establishment thereof be earlier than the then Latest Maturity Date of any other Revolving Credit Commitments hereunder and (C) all documentation in respect of such Extension Amendment shall be consistent with the foregoing. Any Extended Revolving Credit Commitments amended pursuant to any Revolver Extension Request shall be designated a series (each, a “**Revolver Extension Series**”) of Extended Revolving Credit Commitments for all purposes of this Agreement; provided that any Extended Revolving Credit Commitments amended from an Existing Revolver Tranche may, to the extent provided in the applicable Extension Amendment, be designated as an increase in any previously established Class of Revolving Credit Commitments. Each request for a Revolver Extension Series of Extended Revolving Credit Commitments proposed to be incurred under this Section 2.15 shall be in an aggregate principal amount that is not less than \$10,000,000 (it being understood that the actual principal amount thereof provided by the applicable Lenders may be lower than such minimum amount) and the Borrower may impose an Extension Minimum Condition with respect to any Revolver Extension Request, which may be waived by the Borrower in its sole discretion.

(c) *Extension Request.* The Borrower shall provide the applicable Extension Request at least five (5) Business Days (or such shorter period as may be agreed by the Administrative Agent) prior to the date on which Lenders under the Existing Term Loan Tranche or Existing Revolver Tranche, as applicable, are requested to respond, and shall agree to such procedures, if any, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.15. No Lender shall have any obligation to agree to have any of its Term Loans of any Existing Term Loan Tranche amended into Extended Term Loans or any of its Revolving Credit Commitments amended into Extended Revolving Credit Commitments, as applicable, pursuant to any Extension Request. Any Lender holding a Loan under an Existing Term Loan Tranche wishing to have all or a portion of its Term Loans under the Existing Term Loan Tranche subject to such Extension Request amended into Extended Term Loans (each, an “**Extending Term Lender**”) and any Revolving Credit Lender wishing to have all or a portion of its Revolving Credit Commitments under the Existing Revolver Tranche subject to such Extension Request amended into Extended Revolving Credit Commitments (each, an “**Extending Revolving Credit**”

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**Lender**”), as applicable, shall notify the Administrative Agent (each, an **“Extension Election”**) on or prior to the date specified in such Extension Request of the amount of its Term Loans under the Existing Term Loan Tranche or Revolving Credit Commitments under the Existing Revolver Tranche, as applicable, which it has elected to request be amended into Extended Term Loans or Extended Revolving Credit Commitments, as applicable (subject to any minimum denomination requirements imposed by the Administrative Agent). In the event that the aggregate principal amount of Term Loans under the Existing Term Loan Tranche or Revolving Credit Commitments under the Existing Revolver Tranche, as applicable, in respect of which applicable Term Lenders or Revolving Credit Lenders, as the case may be, shall have accepted the relevant Extension Request exceeds the amount of Extended Term Loans or Extended Revolving Credit Commitments, as applicable, requested to be extended pursuant to the Extension Request, Term Loans or Revolving Credit Commitments, as applicable, subject to Extension Elections shall be amended to Extended Term Loans or Revolving Credit Commitments, as applicable, on a pro rata basis (subject to rounding by the Administrative Agent, which shall be conclusive) based on the aggregate principal amount of Term Loans or Revolving Credit Commitments, as applicable, included in each such Extension Election.

(d) *Extension Amendment.* Extended Term Loans and Extended Revolving Credit Commitments shall be established pursuant to one or more amendments (each, an **“Extension Amendment”**) to this Agreement among the Borrower, the other Loan Parties, the Administrative Agent and each Extending Term Lender or Extending Revolving Credit Lender, as applicable, providing an Extended Term Loan or Extended Revolving Credit Commitment, as applicable, thereunder, which shall be consistent with the provisions set forth in Sections 2.15(a) or (b) above, respectively (but which shall not require the consent of any other Lender). The Commitments to provide Extended Term Loans or Extended Revolving Credit Commitments, as applicable, shall become effective on the date specified in the applicable Extension Amendment, subject to the satisfaction of each of: (i) the conditions set forth in Section 4.02, (ii) the Extension Minimum Condition (unless waived by the Borrower) and (iii) to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of (i) legal opinions, board resolutions and officers’ certificates consistent (x) with those delivered on the Amendment and Restatement Effective Date and (y) if the Administrative Agent, in consultation with the Borrower, reasonably requests, with those delivered on the Closing Date (in each case, conformed as appropriate) other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel’s form of opinion reasonably satisfactory to the Administrative Agent and (ii) reaffirmation agreements and/or such amendments to the Collateral Documents as may be reasonably requested by the Administrative Agent in order to ensure that the Extended Term Loans or Extended Revolving Credit Commitments, as applicable, are provided with the benefit of the applicable Loan Documents. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Extension Amendment. Each of the parties hereto hereby (A) agrees that this Agreement and the other Loan Documents may be amended pursuant to an Extension Amendment, without the consent of any other Lenders, to the extent (but only to the extent) necessary to (i) reflect the existence and terms of the Extended Term Loans or Extended Revolving Credit Commitments, as applicable, incurred pursuant thereto, (ii) modify the scheduled repayments set forth in Section 2.08 with respect to any Existing Term Loan Tranche subject to an Extension Election to reflect a reduction in the principal amount of the Term Loans thereunder in an amount equal to the aggregate principal amount of the Extended Term Loans amended pursuant to the applicable Extension (with such amount to be applied ratably to reduce scheduled repayments of such Term Loans required pursuant to Section 2.08), (iii) modify the prepayments set forth in Section 2.06 to reflect the existence of the Extended Term Loans and the application of prepayments with respect thereto and (iv) effect such other amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.15, and the Required Lenders hereby expressly and irrevocably, for the benefit of all parties hereto, authorize the Administrative Agent to enter into any such Extension Amendment and (B) consent to the transactions

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contemplated by this Section 2.15 (including, for the avoidance of doubt, payment of interest, fees or premiums in respect of any Extended Term Loans or Extended Revolving Credit Commitments on such terms as may be set forth in the relevant Extension Amendment).

(e) *No Prepayment.* No conversion or extension of Loans or Commitments pursuant to any Extension Amendment in accordance with this Section 2.15 shall constitute a voluntary or mandatory payment or prepayment for purposes of this Agreement.

(f) This Section 2.15 shall supersede any provisions in Section 2.14 or 10.01 to the contrary.

Section 2.16. Incremental Borrowings.

(a) *Incremental Commitments.* The Borrower may at any time or from time to time after the Closing Date, by notice to the Administrative Agent (an **“Incremental Loan Request”**), request (A) one or more new commitments which may be of the same Class as any outstanding Term Loans (a **“Term Loan Increase”**) or a new Class of term loans (collectively with any Term Loan Increase, the **“Incremental Term Commitments”**) and/or (B) one or more increases in the amount of the Revolving Credit Commitments (a **“Revolving Commitment Increase”**) or the establishment of one or more new revolving credit commitments (any such new commitments, collectively with any Revolving Commitment Increases, the **“Incremental Revolving Credit Commitments”**) and the Incremental Revolving Credit Commitments, collectively with any Incremental Term Commitments, the **“Incremental Commitments”**), whereupon the Administrative Agent shall promptly deliver a copy to each of the Lenders.

(b) *Incremental Loans.* Any Incremental Term Loans or Incremental Revolving Credit Commitments (other than Term Loan Increases and Revolving Commitment Increases) made on an Incremental Facility Closing Date shall be designated a separate Class of Incremental Term Loans or Incremental Revolving Credit Commitments, as applicable, for all purposes of this Agreement. On any Incremental Facility Closing Date on which any Incremental Term Commitments of any Class are effected (including through any Term Loan Increase), subject to the satisfaction of the terms and conditions in this Section 2.16, (i) each Incremental Term Lender of such Class shall make a Loan to the Borrower (an **“Incremental Term Loan”**) in an amount equal to its Incremental Term Commitment of such Class and (ii) each Incremental Term Lender of such Class shall become a Lender hereunder with respect to the Incremental Term Commitment of such Class and the Incremental Term Loans of such Class made pursuant thereto. On any Incremental Facility Closing Date on which any Incremental Revolving Credit Commitments of any Class are effected (including through any Revolving Commitment Increase), subject to the satisfaction of the terms and conditions in this Section 2.16, (i) each Incremental Revolving Credit Lender of such Class shall make its Commitment available to the Borrower (when borrowed, an **“Incremental Revolving Loan”** and collectively with any Incremental Term Loan, an **“Incremental Loan”**) in an amount equal to its Incremental Revolving Credit Commitment of such Class and (ii) each Incremental Revolving Credit Lender of such Class shall become a Lender hereunder with respect to the Incremental Revolving Credit Commitment of such Class and the Incremental Revolving Loans of such Class made pursuant thereto. Notwithstanding the foregoing, Incremental Term Loans may have identical terms to any of the Term Loans and be treated as the same Class as any of such Term Loans.

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(c) *Incremental Loan Request.* Each Incremental Loan Request from the Borrower pursuant to this Section 2.16 shall set forth the requested amount and proposed terms of the relevant Incremental Term Loans or Incremental Revolving Credit Commitments. Incremental Term Loans may be made, and Incremental Revolving Credit Commitments may be provided, by any existing Lender (but no existing Lender will have an obligation to make any Incremental Commitment, nor will the Borrower have any obligation to approach any existing Lenders to provide any Incremental Commitment) or by any other bank or other financial institution or other institutional lenders (any such other bank, other financial institution or other institutional lenders being called an “**Additional Lender**”) (each such existing Lender or Additional Lender providing such Commitment or Loan, an “**Incremental Revolving Credit Lender**” or “**Incremental Term Lender**,” as applicable, and, collectively, the “**Incremental Lenders**”); provided that (i) the Administrative Agent, each Swing Line Lender and each L/C Issuer shall have consented (not to be unreasonably withheld or delayed) to such Additional Lender’s making such Incremental Term Loans or providing such Revolving Commitment Increases to the extent such consent, if any, would be required under Section 10.07(b) for an assignment of Term Loans or Revolving Credit Commitments, as applicable, to such Additional Lender, (ii) with respect to Incremental Term Commitments, any Affiliated Lender providing an Incremental Term Commitment shall be subject to the same restrictions set forth in Section 10.07(k) as they would otherwise be subject to with respect to any purchase by or assignment to such Affiliated Lender of Term Loans and (iii) Affiliated Lenders may not provide Incremental Revolving Credit Commitments.

(d) *Effectiveness of Incremental Amendment.* The effectiveness of any Incremental Amendment, and the Incremental Commitments thereunder, shall be subject to the satisfaction on the date thereof (the “**Incremental Facility Closing Date**”) of each of the following conditions:

(i) no Event of Default shall exist after giving effect to such Incremental Commitments; provided that, with respect to any Incremental Amendment the primary purpose of which is to finance a Permitted Acquisition or any other Investment permitted by this Agreement constituting an acquisition of assets constituting a business unit, line of business or division of, or all or substantially all of the Equity Interests of, another Person, this clause (i) may be waived or omitted by Incremental Lenders holding more than 50% of the aggregate Incremental Commitments under such Incremental Amendment;

(ii) the representations and warranties of each Loan Party set forth in Article V and in each other Loan Document shall be true and correct in all material respects on and as of the Incremental Facility Closing Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; provided that any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates; provided further that, with respect to any Incremental Amendment the primary purpose of which is to finance a Permitted Acquisition or any other Investment permitted by this Agreement constituting an acquisition of assets constituting a business unit, line of business or division of, or all or substantially all of the Equity Interests of, another Person, this clause (ii) (other than with respect to the Specified Representations) may be waived or omitted (or the scope or content of any representation and warranty modified) by Incremental Lenders holding more than 50% of the aggregate Incremental Commitments under such Incremental Amendment;

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(iii) each Incremental Term Commitment shall be in an aggregate principal amount that is not less than \$25,000,000 and shall be in an increment of \$1,000,000 (provided that such amount may be less than \$25,000,000 if such amount represents all remaining availability under the limit set forth in the next sentence) and each Incremental Revolving Credit Commitment shall be in an aggregate principal amount that is not less than \$10,000,000 and shall be in an increment of \$1,000,000 (provided that such amount may be less than \$10,000,000 if such amount represents all remaining availability under the limit set forth in the next sentence);

(iv) the aggregate principal amount of the Incremental Term Loans and the Incremental Revolving Credit Commitments from and after the Amendment and Restatement Effective Date shall not exceed (A) \$150,000,000 in the aggregate pursuant to this clause (A) or (B) at the Borrower's option, up to an amount of Incremental Term Loans or Incremental Revolving Credit Commitments so long as the Consolidated First Lien Net Leverage Ratio is no more than 4.25 to 1.00 for the Test Period most recently ended, after giving effect to any such incurrence on a Pro Forma Basis (without giving effect to any amount incurred simultaneously under clause (A)), and, in each case, with respect to any Incremental Revolving Credit Commitment proposed to be established, assuming a borrowing of the maximum amount of Loans available thereunder (or if the Incremental Facility will rank junior in right of security with the Revolving Credit Loans and the Term Loans, up to an amount of Incremental Term Loans or Incremental Revolving Credit Commitments so long as the Total Net Leverage Ratio is no more than 5.50 to 1.00 for the Test Period most recently ended, after giving effect to any such incurrence on a Pro Forma Basis, and, in each case, with respect to any Incremental Revolving Credit Commitment proposed to be established, assuming a borrowing of the maximum amount of Loans available thereunder) (such amounts under this clause (A) and (B), the "Available Incremental Amount");

(v) (A) to the extent reasonably requested by the Administrative Agent, the receipt by the Administrative Agent of (i) legal opinions, board resolutions and officers' certificates consistent (x) with those delivered on the Amendment and Restatement Effective Date and (y) if the Administrative Agent, in consultation with the Borrower, reasonably requests, with those delivered on the Closing Date (in each case, conformed as appropriate) (other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel's form of opinion reasonably satisfactory to the Administrative Agent) and (ii) reaffirmation agreements and/or such amendments to the Collateral Documents as may be reasonably requested by the Administrative Agent in order to ensure that the Incremental Loans or Incremental Commitments, as applicable, are provided with the benefit of the applicable Loan Documents, and (B) to the extent provided in the applicable Incremental Amendment, such other conditions as the Borrower and the Lenders providing such Incremental Commitments may agree.

(e) *Required Terms.* The terms, provisions and documentation of the Incremental Term Loans and Incremental Term Commitments or the Incremental Revolving Loans and Incremental Revolving Credit Commitments, as the case may be, of any Class shall be as agreed between the Borrower and the applicable Incremental Lenders providing such Incremental Commitments, and except as otherwise set forth herein, to the extent not identical to the Term Loans or Revolving Credit Commitments, as applicable, each existing on the Incremental Facility Closing Date, shall be consistent with clauses (i) through (iii) below, as applicable, and otherwise as reasonably satisfactory to the Administrative Agent (it being understood that covenants and defaults that are only applicable after the Latest Maturity Date at the time of such Incremental Facility Closing Date shall be as agreed between the Borrower and the applicable Incremental Lenders and need not be reasonably satisfactory to the Administrative Agent); provided that in the case of a Term Loan Increase or a Revolving Commitment Increase, the terms,

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provisions and documentation of such Term Loan Increase or a Revolving Commitment Increase shall be identical (other than with respect to upfront fees, original issue discount or similar fees) to the applicable Term Loans or Revolving Credit Commitments being increased, in each case, as existing on the Incremental Facility Closing Date. In any event:

(i) the Incremental Term Loans:

(A) shall rank (I) *pari passu* in right of payment and (II) *pari passu* or junior in right of security with the Revolving Credit Loans and the Term Loans (and, if applicable, shall be subject to a Second Lien Intercreditor Agreement),

(B) as of the Incremental Facility Closing Date, shall not have a Maturity Date earlier than the Maturity Date with respect to the Term Loans (prior to giving effect to any extensions thereof occurring after the Maturity Date),

(C) shall have an amortization schedule as determined by the Borrower and the applicable new Lenders, provided that, as of the Incremental Facility Closing Date, such Incremental Term Loans shall have a Weighted Average Life to Maturity not shorter than the remaining Weighted Average Life to Maturity of the Term Loans (as originally in effect prior to any amortization or prepayments thereto) on the date of incurrence of such Incremental Term Loans,

(D) shall have an Applicable Rate and, subject to clauses (e)(i)(B) and (e)(i)(C) above and clause (e)(iii) below, amortization determined by the Borrower and the applicable Incremental Term Lenders,

(E) shall have fees determined by the Borrower and the applicable Incremental Term Loan arranger(s),

(F) may participate on a pro rata basis or less than or greater than a pro rata basis in any voluntary repayments or prepayments of principal of Term Loans hereunder and on a pro rata basis or less than a pro rata basis (but not greater than a pro rata basis except in the case of a prepayment under Section 2.06(b)(iii)(B)) in any mandatory repayments or prepayments of principal of Term Loans hereunder (or, if junior in right of security, shall be on a junior basis with respect thereto), and

(G) may not be (x) secured by any assets other than Collateral or (y) guaranteed by any Person other than a Guarantor.

(ii) the Incremental Revolving Credit Commitments and Incremental Revolving Loans:

(A) shall rank (I) *pari passu* in right of payment and (II) *pari passu* or junior in right of security with the Revolving Credit Loans and the Term Loans (and, if applicable, be subject to a Second Lien Intercreditor Agreement),

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(B) shall provide that the borrowing, prepayments and repayment (except for (1) payments of interest and fees at different rates on Incremental Revolving Credit Commitments (and related outstandings), (2) repayments required upon the Maturity Date of the Incremental Revolving Credit Commitments and (3) repayment made in connection with a permanent repayment and termination of commitments (subject to clause (E) below)) of Loans with respect to Incremental Revolving Credit Commitments after the associated Incremental Facility Closing Date shall be made on a pro rata basis with all other Revolving Credit Commitments existing on the Incremental Facility Closing Date,

(C) subject to the provisions of Sections 2.03(l) and 2.04(g) to the extent dealing with Swing Line Loans and Letters of Credit which mature or expire after a Maturity Date when there exists Incremental Revolving Credit Commitments with a longer Maturity Date, all Swing Line Loans and Letters of Credit shall be participated on a pro rata basis by all Lenders with Commitments in accordance with their percentage of the Revolving Credit Commitments existing on the Incremental Facility Closing Date (and except as provided in Section 2.03(l) and Section 2.04(g), without giving effect to changes thereto on an earlier Maturity Date with respect to Swing Line Loans and Letters of Credit theretofore incurred or issued),

(D) may provide that the permanent repayment of Revolving Credit Loans with respect to, and termination or reduction of, Incremental Revolving Credit Commitments after the associated Incremental Facility Closing Date be made on a pro rata basis or less than pro rata basis (but not greater than pro rata basis) with all other Revolving Credit Commitments existing on the Incremental Facility Closing Date, including, for the avoidance of doubt, on a less than pro rata basis permitting the Borrower to permanently repay and terminate commitments of any earlier maturing Revolving Credit Commitments or Revolving Credit Loans prior to the permanent repayment and termination of the applicable Incremental Revolving Credit Commitments and Incremental Revolving Loans,

(E) shall provide that assignments and participations of Incremental Revolving Credit Commitments and Incremental Revolving Loans shall be governed by the same assignment and participation provisions applicable to Revolving Credit Commitments and Revolving Credit Loans existing on the Incremental Facility Closing Date,

(F) shall provide that any Incremental Revolving Credit Commitments may constitute a separate Class or Classes, as the case may be, of Commitments from the Classes constituting the applicable Revolving Credit Commitments prior to the Incremental Facility Closing Date; provided at no time shall there be Revolving Credit Commitments hereunder (including Incremental Revolving Credit Commitments and any original Revolving Credit Commitments) which have more than three (3) different Maturity Dates unless otherwise agreed to by the Administrative Agent,

(G) shall have an Applicable Rate determined by the Borrower and the applicable Incremental Revolving Credit Lenders, subject to clause (e)(iii) below,

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(H) shall have fees determined by the Borrower and the applicable Incremental Revolving Credit Commitments arranger(s), and

(I) may not be (x) secured by any asset other than Collateral or (y) guaranteed by any Person other than a Guarantor.

(iii) the All-In Yield applicable to the Incremental Term Loans or Incremental Revolving Loans of each Class shall be determined by the Borrower and the applicable Incremental Lenders and shall be set forth in each applicable Incremental Amendment; provided, however, that with respect to any Loans made under Incremental Term Commitments or Incremental Revolving Credit Commitments, in each case, that are secured on a *pari passu* basis with the Obligations, the All-In Yield applicable to such Incremental Term Loans or Incremental Revolving Loans shall not be greater than the applicable All-In Yield payable pursuant to the terms of this Agreement as amended through the date of such calculation with respect to Term B Loans or Revolving Credit Loans, as applicable, plus 50 basis points per annum unless the interest rate (together with, as provided in the proviso below, the Eurocurrency Rate or Base Rate floor) with respect to the Term B Loans or Revolving Credit Loans, as applicable, is increased so as to cause the then applicable All-In Yield under this Agreement on the Term B Loans or Revolving Credit Loans, as applicable, to equal the All-In Yield then applicable to the Incremental Term Loans or Incremental Revolving Loans, as applicable, minus 50 basis points; provided that any increase in All-In Yield to the Term B Loans or Revolving Credit Loans due to the application or imposition of a Eurocurrency Rate or Base Rate floor on any Incremental Term Loan or Incremental Revolving Loan shall be effected solely through an increase in (or implementation of, as applicable) any Eurocurrency Rate or Base Rate floor applicable to the Term B Loans or Revolving Credit Facility, as applicable, and in each case, solely to the extent that the application or imposition of such floor would cause an increase in the interest rate then in effect under the Term B Loans or Revolving Credit Loans, as applicable.

(f) *Incremental Amendment.* Commitments in respect of Incremental Term Loans and Incremental Revolving Credit Commitments shall become Commitments (or in the case of an Incremental Revolving Credit Commitment to be provided by an existing Revolving Credit Lender, an increase in such Lender's applicable Revolving Credit Commitment), under this Agreement pursuant to an amendment (an "**Incremental Amendment**") to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, each Incremental Lender providing such Commitments and the Administrative Agent. The Incremental Amendment may, without the consent of any other Loan Party, Agent or Lender, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.16, including amendments as deemed necessary by the Administrative Agent in its reasonable judgment to effect any lien subordination and associated rights of the applicable Lenders to the extent any Incremental Loans are to rank junior in right of security. The Borrower will use the proceeds of the Incremental Term Loans and Incremental Revolving Credit Commitments for any purpose not prohibited by this Agreement. No Lender shall be obligated to provide any Incremental Term Loans or Incremental Revolving Credit Commitments unless it so agrees.

(g) *Reallocation of Revolving Credit Exposure.* Upon any Incremental Facility Closing Date on which Incremental Revolving Credit Commitments are effected through an increase in the Revolving Credit Commitments pursuant to this Section 2.16, (a) if the increase relates to the Revolving Credit Facility, each of the Revolving Credit Lenders shall assign

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to each of the Incremental Revolving Credit Lenders, and each of the Incremental Revolving Credit Lenders shall purchase from each of the Revolving Credit Lenders, at the principal amount thereof, such interests in the Incremental Revolving Loans outstanding on such Incremental Facility Closing Date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Revolving Credit Loans will be held by existing Revolving Credit Lenders and Incremental Revolving Credit Lenders ratably in accordance with their Revolving Credit Commitments after giving effect to the addition of such Incremental Revolving Credit Commitments to the Revolving Credit Commitments, (b) each Incremental Revolving Credit Commitment shall be deemed for all purposes a Revolving Credit Commitment and each Loan made thereunder shall be deemed, for all purposes, a Revolving Credit Loan and (c) each Incremental Revolving Credit Lender shall become a Lender with respect to the Incremental Revolving Credit Commitments and all matters relating thereto. The Administrative Agent and the Lenders hereby agree that the minimum borrowing and prepayment requirements in Section 2.02 and 2.06(a) of this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(h) This Section 2.16 shall supersede any provisions in Section 2.14 or 10.01 to the contrary. Notwithstanding anything to the contrary in Section 10.01, the Administrative Agent is expressly permitted, without the consent of any Lenders, any Swing Line Lender or L/C Issuer, to amend the Loan Documents (including Section 2.08) to the extent necessary or appropriate in the reasonable discretion of the Administrative Agent to give effect to any Incremental Term Commitment or Incremental Revolving Credit Commitments pursuant to this Section 2.16 (which may be in the form of an amendment and restatement), including to provide to the Lenders of any Class of Loans or Commitments hereunder the benefit of any term or provision that is added under any Incremental Amendment for the benefit of the Lenders of any Incremental Commitments (including to the extent necessary or advisable to allow any Incremental Commitments to be a Term Loan Increase or Revolving Commitment Increase).

Section 2.17. Refinancing Amendments.

(a) On one or more occasions after the Closing Date, the Borrower may obtain, from any Lender or any Additional Refinancing Lender, Credit Agreement Refinancing Indebtedness in respect of all or any portion of any Class of Term Loans and the Revolving Credit Loans (or unused Revolving Credit Commitments) then outstanding under this Agreement (which for purposes of this clause (a) will be deemed to include any then outstanding Extended Term Loans, Other Term Loans or Incremental Term Loans), in the form of Other Term Loans, Other Term Loan Commitments, Other Revolving Credit Commitments or Other Revolving Credit Loans pursuant to a Refinancing Amendment; provided that notwithstanding anything to the contrary in this Section 2.17 or otherwise, (1) the borrowing and repayment (except for (A) payments of interest and fees at different rates on Other Revolving Credit Commitments (and related outstandings), (B) repayments required upon the Maturity Date of the Other Revolving Credit Commitments and (C) repayment of principal made in connection with a permanent repayment and termination of commitments) of Loans with respect to Other Revolving Credit Commitments after the date of obtaining any Other Revolving Credit Commitments shall be made on a pro rata basis with all other Revolving Credit Commitments, (2) subject to the provisions of Sections 2.03(l) and 2.04(g) to the extent dealing with Swing Line Loans and Letters of Credit which mature or expire after a Maturity Date when there exist Extended Revolving Credit Commitments with a longer Maturity Date, all Swing Line Loans and Letters of Credit shall be participated on a pro rata basis by all Lenders with Commitments in accordance with their percentage of the Revolving Credit Commitments (and except as provided in Section 2.03(l) and Section 2.04(g), without giving effect to changes thereto on an earlier Maturity Date with respect to Swing Line Loans and Letters of Credit theretofore incurred or issued), (3) the permanent repayment of Revolving Credit Loans with respect to, and termination of, Other Revolving Credit Commitments after the date of obtaining any Other Revolving Credit Commitments shall be made on

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a pro rata basis with all other Revolving Credit Commitments, except that the Borrower shall be permitted to permanently repay and terminate commitments of any such Class on a better than a pro rata basis as compared to any other Class with a later Maturity Date than such Class of Other Revolving Credit Commitments or Revolving Credit Commitments and (4) assignments and participations of Other Revolving Credit Commitments and Other Revolving Credit Loans shall be governed by the same assignment and participation provisions applicable to Revolving Credit Commitments and Revolving Credit Loans.

(b) The effectiveness of any Refinancing Amendment shall be subject to the satisfaction on the date thereof of each of the conditions set forth in Section 4.02 and, to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of (i) customary legal opinions, board resolutions and officers' certificates consistent (x) with those delivered on the Amendment and Restatement Effective Date and (y) if the Administrative Agent, in consultation with the Borrower, reasonably requests, with those delivered on the Closing Date (in each case, conformed as appropriate) other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel's form of opinion reasonably satisfactory to the Administrative Agent and (ii) reaffirmation agreements and/or such amendments to the Collateral Documents as may be reasonably requested by the Administrative Agent in order to ensure that such Credit Agreement Refinancing Indebtedness is provided with the benefit of the applicable Loan Documents.

(c) Each issuance of Credit Agreement Refinancing Indebtedness under Section 2.17(a) shall be in an aggregate principal amount that is (x) not less than \$10,000,000 and (y) an integral multiple of \$1,000,000 in excess thereof.

(d) Each of the parties hereto hereby agrees that this Agreement and the other Loan Documents may be amended pursuant to a Refinancing Amendment, without the consent of any other Lenders, to the extent (but only to the extent) necessary to (i) reflect the existence and terms of the Credit Agreement Refinancing Indebtedness incurred pursuant thereto and (ii) effect such other amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.17, and the Required Lenders hereby expressly authorize the Administrative Agent to enter into any such Refinancing Amendment.

(e) This Section 2.17 shall supersede any provisions in Section 2.14 or 10.01 to the contrary.

Section 2.18. Defaulting Lenders.

(a) *Adjustments.* Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder;

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*second*, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to the L/C Issuer or Swing Line Lender hereunder; *third*, if so determined by the Administrative Agent or requested by the L/C Issuer or Swing Line Lender, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swing Line Loan or Letter of Credit; *fourth*, as the Borrower may request (so long as no Default has occurred and is continuing), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders, the L/C Issuer or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the L/C Issuer or Swing Line Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default has occurred and is continuing, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans or L/C Borrowings were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Borrowings owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Borrowings owed to, that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.17(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. That Defaulting Lender (x) shall not be entitled to receive any commitment fee pursuant to Section 2.10(a) for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender) and (y) shall be limited in its right to receive Letter of Credit fees as provided in Section 2.03(h).

(iv) Reallocation of Pro Rata Share to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each Non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit or Swing Line Loans pursuant to Sections 2.03 and 2.04, the "Pro Rata Share" of each Non-Defaulting Lender's Revolving Credit Loans and L/C Obligations shall be computed without giving effect to the Revolving Credit Commitment of that Defaulting Lender; provided that (i) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default has occurred and is continuing; and (ii) the aggregate obligation of each Non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit and Swing Line Loans shall not exceed the positive difference, if any, of (1) the Revolving Credit Commitment of that Non-Defaulting Lender minus (2) the aggregate Outstanding Amount of the Revolving Credit Loans and the L/C Obligations of that Non-Defaulting Lender.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Swing Line Lender and each L/C Issuer agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting

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Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Revolving Credit Loans of the applicable Facility and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Pro Rata Share of the applicable Facility (without giving effect to Section 2.18(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

### ARTICLE III

#### Taxes, Increased Costs Protection and Illegality

Section 3.01. Taxes. (a) For purposes of this Section 3.01, the term "Lender" includes each L/C Issuer and the Swing Line Lender.

(b) Any and all payments by or on account of any obligation of Borrower (including any obligation that the Borrower may incur for the benefit of any of its Subsidiaries) under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable Law requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Law any Other Taxes imposed on the Borrower, and shall timely pay or reimburse any Recipient, as the case may be, for any Other Taxes paid or payable by such Recipient upon written demand (accompanied by a certificate complying with the requirements set forth in clause (d) below) therefor.

(d) The Borrower shall indemnify each Recipient, within 10 Business Days after written demand (accompanied by a certificate complying with the requirements set forth below) therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate setting forth in reasonable detail a description of such Indemnified Taxes and the amount of such payment or liability for Indemnified Taxes delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

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(e) Each Lender shall severally indemnify the Administrative Agent, within 10 Business Days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.07(e) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 3.01, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) (i) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Recipient becomes a Recipient under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 (or any successor form) certifying that such Recipient is exempt from U.S. federal backup withholding Tax;

(ii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, duly executed originals of IRS Form W-8BEN or W-8BEN-E, as applicable (or any successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E, as applicable (or any successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) duly executed originals of IRS Form W-8ECI (or any successor form);

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) or 871(h) of the Code, (x) a duly executed certificate substantially in the form of Exhibit T-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance**

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Certificate”) and (y) duly executed originals of IRS Form W-8BEN or W-8BEN-E, as applicable (or any successor form); or

(D) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY (or any successor form), accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, as applicable, a duly executed U.S. Tax Compliance Certificate substantially in the form of Exhibit T-2 or Exhibit T-3, IRS Form W-9, and/or successor forms thereof or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a duly executed U.S. Tax Compliance Certificate substantially in the form of Exhibit T-4 on behalf of each such direct and indirect partner;

(iii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made;

(iv) if a payment made to a Recipient under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Recipient were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Recipient shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Recipient has complied with such Recipient’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), “FATCA” shall include any amendments made to FATCA after the date of this Agreement; and

(v) on or before the date the Administrative Agent becomes a party to this Agreement, the Administrative Agent shall provide to the Borrower two duly signed, properly completed copies of (i) IRS Form W-9 or any successor thereto, or (ii) (A) with respect to payments received on the Administrative Agent’s own account, IRS Form W-8ECI or any successor thereto, and (B) with respect to payments received on account of any Lender, a U.S. branch withholding certificate on IRS Form W-8IMY or any successor thereto evidencing its agreement with the Borrower to be treated as a U.S. Person. Each Recipient agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

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(h) If any Recipient determines, in its reasonable discretion exercised in good faith, that it has received a refund or overpayment credit in respect of any Taxes as to which it has been indemnified pursuant to this Section 3.01 (including by the payment of additional amounts pursuant to this Section 3.01), it shall pay to the indemnifying party an amount equal to such refund or credit (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund or credit), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund or credit to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund or credit had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 3.01(a) with respect to such Lender it will, if requested by the Borrower, use commercially reasonable efforts (subject to such Lender's overall internal policies of general application and legal and regulatory restrictions) to designate another Lending Office for any Loan or Letter of Credit affected by such event; provided that such efforts are made on terms that, in the sole judgment of such Lender, cause such Lender and its Lending Office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section 3.01(i) shall affect or postpone any of the Obligations of the Borrower or the rights of such Lender pursuant to Section 3.01(a).

Section 3.02. Illegality. If any Lender reasonably determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurocurrency Rate Loans, or to determine or charge interest rates based upon the applicable Eurocurrency Rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue any affected Eurocurrency Rate Loans or to convert Base Rate Loans to Eurocurrency Rate Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurocurrency Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurocurrency Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurocurrency Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the

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Eurocurrency Rate component of the Base Rate with respect to any Base Rate Loans, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurocurrency Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurocurrency Rate. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

Section 3.03. Inability to Determine Rates. If the Required Lenders reasonably determine that for any reason in connection with any request for a Eurocurrency Rate Loan or a conversion to or continuation thereof that (a) deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount, currency and Interest Period of such Eurocurrency Rate Loan, (b) adequate and reasonable means do not exist for determining the Eurocurrency Rate for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan or in connection with an existing or proposed Base Rate Loan, or (c) the Eurocurrency Rate for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurocurrency Rate Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the Eurocurrency Rate component of the Base Rate, the utilization of the Eurocurrency Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

Section 3.04. Increased Cost and Reduced Return; Capital Adequacy; Reserves on Eurocurrency Rate Loans. (a) If any Lender reasonably determines that as a result of a Change in Law, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (including any Taxes (other than (i) Indemnified Taxes or (ii) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto and excluding for purposes of this Section 3.04(a) any such increased costs or reduction in amount resulting from reserve requirements contemplated by Section 3.04(b) or the definition of Eurocurrency Rate), then from time to time within fifteen (15) days after demand by such Lender setting forth in reasonable detail such increased costs (with a copy of such demand to the Administrative Agent given in accordance with Section 3.06), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction.

(b) If any Lender reasonably determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by it, or participations in or issuance of Letters of Credit by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time upon demand of such Lender setting forth in reasonable detail the charge and the

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calculation of such reduced rate of return (with a copy of such demand to the Administrative Agent), the Borrower will pay to such Lender, as the case may be, within fifteen (15) days after demand by such Lender setting forth in reasonable detail the particulars of such reduction, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

Section 3.05. Funding Losses. Upon written demand of any Lender (with a copy to the Administrative Agent) from time to time, which demand shall set forth in reasonable detail the basis for requesting such amount, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense actually incurred by it as a result of:

- (a) any continuation, conversion, payment or prepayment of any Eurocurrency Rate Loan on a day prior to the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);
- (b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Eurocurrency Rate Loan on the date or in the amount notified by the Borrower; or
- (c) any assignment of a Eurocurrency Rate Loan on a day prior to the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 3.07; including any loss or expense (excluding loss of anticipated profits or margin) actually incurred by reason of the liquidation or reemployment of funds obtained by it to maintain such Eurocurrency Rate Loan or from fees payable to terminate the deposits from which such funds were obtained.

Section 3.06. Matters Applicable to All Requests for Compensation. (a) If any Lender requests compensation under Section 3.04, or the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender shall use commercially reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or issuing Letters of Credit hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material economic, legal or regulatory respect; provided, that nothing in this Section 3.06 shall affect or postpone any of the Obligations of the Borrower or the rights of such Lender pursuant to Section 3.04(a) or (b).

(b) If any Lender requests compensation by the Borrower under Section 3.04, the Borrower may, by notice to such Lender (with a copy to the Administrative Agent), suspend the obligation of such Lender to make or continue Eurocurrency Rate Loans from one Interest Period to another Interest Period, or to convert Base Rate Loans into Eurocurrency Rate Loans, until the event or condition giving rise to such request ceases to be in effect; provided that such suspension shall not affect the right of such Lender to receive the compensation so requested.

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(c) Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of Sections 3.01, 3.02, 3.03 or 3.04 shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender pursuant to the foregoing provisions of Sections 3.01, 3.02, 3.03 or 3.04 for any increased costs incurred or reductions suffered more than one hundred and eighty (180) days prior to the date that such Lender notifies the Borrower of the event giving rise to such claim and of such Lender's intention to claim compensation therefor (except that, if the circumstance giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof).

Section 3.07. Replacement of Lenders under Certain Circumstances. If (i) any Lender ceases to make Eurocurrency Rate Loans as a result of any condition described in Section 3.02 or Section 3.04, (ii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 or 3.04, (iii) any Lender is a Non-Consenting Lender, (iv) any Lender becomes a Defaulting Lender, or (v) any other circumstance exists hereunder that gives the Borrower the right to replace a Lender as a party hereto, then the Borrower may, at its sole expense and effort, upon five (5) Business Days' prior written notice to such Lender and the Administrative Agent,

(x) require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.07), all of its interests, rights and obligations under this Agreement (or, with respect to clause (iii) above, all of its interests, rights and obligations with respect to the Class of Loans or Commitments that is the subject of the related consent, waiver or amendment) and the related Loan Documents to one or more Eligible Assignees that shall assume such obligations (any of which assignee may be another Lender, if a Lender accepts such assignment), provided that

(a) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 10.07(b)(ii)(B);

(b) such Lender shall have received payment of an amount equal to the applicable outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower;

(c) such Lender being replaced pursuant to this Section 3.07 shall (1) execute and deliver an Assignment and Assumption Agreement with respect to all, or a portion as applicable, of such Lender's Commitment and outstanding Loans and participations in L/C Obligations and Swing Line Loans, and (2) deliver any Notes evidencing such Loans to the Borrower or Administrative Agent (or a lost or destroyed note indemnity reasonably satisfactory to the Borrower and the Administrative Agent in lieu thereof); provided that the failure of any such Lender to execute an Assignment and Assumption Agreement or deliver such Notes shall not render such sale and purchase (and the corresponding assignment) invalid and such assignment shall be recorded in the Register and the Notes shall be deemed to be canceled upon such failure;

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(d) the Eligible Assignee shall become a Lender hereunder and the assigning Lender shall cease to constitute a Lender hereunder with respect to such assigned Loans, Commitments and participations, except with respect to indemnification provisions under this Agreement, which shall survive as to such assigning Lender;

(e) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(f) such assignment does not conflict with applicable Laws;

(g) any Lender that acts as an L/C Issuer may not be replaced hereunder at any time when it has any Letter of Credit outstanding hereunder unless arrangements reasonably satisfactory to such L/C Issuer (including the furnishing of a back-up standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to such L/C Issuer or the depositing of cash collateral into a cash collateral account in amounts and pursuant to arrangements reasonably satisfactory to such L/C Issuer) have been made with respect to each such outstanding Letter of Credit; and

(h) the Lender that acts as the Administrative Agent cannot be replaced in its capacity as Administrative Agent other than in accordance with Section 9.09,

or (y) terminate the Commitment of such Lender or L/C Issuer, as the case may be, and (a) in the case of a Lender (other than an L/C Issuer), repay all Obligations owing to such Lender relating to the Loans and participations held by such Lender as of such termination date (including, if applicable, the fee pursuant to Section 2.10(b)) and (b) in the case of an L/C Issuer, repay all Obligations of the Borrower owing to such L/C Issuer relating to the Loans and participations held by the L/C Issuer as of such termination date and Cash Collateralize, cancel or backstop, or provide for the deemed reissuance under another facility, on terms reasonably satisfactory to such L/C Issuer any Letters of Credit issued by it; provided that in the case of any such termination of the Commitment of a Non-Consenting Lender such termination shall be sufficient (together with all other consenting Lenders) to cause the adoption of the applicable departure, waiver or amendment of the Loan Documents and such termination shall, with respect to clause (iii) above, be in respect of all of its interests, rights and obligations with respect to the Class of Loans or Commitments that is the subject of the related consent, waiver and amendment.

In the event that (i) the Borrower or the Administrative Agent has requested that the Lenders consent to a departure or waiver of any provisions of the Loan Documents or agree to any amendment thereto, (ii) the consent, waiver or amendment in question requires the agreement of each affected Lender or all the Lenders with respect to a certain Class or Classes of the Loans and/or Commitments and (iii) the Required Lenders (or, in the case of a consent, waiver or amendment involving a certain Facility, the Required Facility Lenders) have agreed (but solely to the extent required by Section 10.01) to such consent, waiver or amendment, then any Lender who does not agree to such consent, waiver or amendment shall be deemed a **“Non-Consenting Lender.”**

In connection with any such replacement, (i) if the Lender to be replaced is a Non-Consenting Lender, the Borrower shall pay to each Non-Consenting Lender, concurrently with the effectiveness of the respective assignment, the fee set forth in

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Section 2.10(b) to the extent applicable and (ii) if any such Non-Consenting Lender or Defaulting Lender does not execute and deliver to the Administrative Agent a duly executed Assignment and Assumption Agreement reflecting such replacement within five (5) Business Days of the date on which the assignee Lender executes and delivers such Assignment and Assumption Agreement to such Non-Consenting Lender or Defaulting Lender, then such Non-Consenting Lender or Defaulting Lender shall be deemed to have executed and delivered such Assignment and Assumption Agreement without any action on the part of the Non-Consenting Lender or Defaulting Lender

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 3.08. Survival. All of the Borrower's obligations under this Article III shall survive termination of the Aggregate Commitments and repayment of all other Obligations hereunder and resignation of the Administrative Agent.

#### ARTICLE IV

##### Conditions Precedent to Credit Extensions

Section 4.01. Conditions of Initial Credit Extension. The obligation of each applicable Lender to make the Effective Date Term B Loans on the Amendment and Restatement Effective Date and to make the Delayed Draw Term B Loans on the Delayed Draw Funding Date is subject to the satisfaction or waiver of the conditions precedent set forth in Section 4(a) of the Incremental and Amendment and Restatement Agreement.

Section 4.02. Conditions to All Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurocurrency Rate Loans or a Borrowing pursuant to any Incremental Amendment) is subject to the following conditions precedent:

- (a) The representations and warranties of the Borrower and each other Loan Party contained in Article V and in any other Loan Document shall be true and correct in all material respects on and as of the date of such Credit Extension; provided that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; provided, further, that, any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct in all respects on such respective dates.
  - (b) No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds therefrom.
  - (c) The Administrative Agent and, if applicable, the relevant L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.
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Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurocurrency Rate Loans) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

## ARTICLE V

### Representations and Warranties

The Borrower represents and warrants to the Agents and the Lenders that:

Section 5.01. Existence, Qualification and Power; Compliance with Laws. Each Loan Party and each of the Restricted Subsidiaries (a) is a Person duly organized or formed, validly existing and in good standing (to the extent such concept exists under applicable Law) under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite corporate or organizational power and authority to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, (d) is in compliance with all Laws, orders, writs, injunctions and orders (including the United States Foreign Corrupt Practices Act of 1977 (Pub. L. No. 95213, §§101.104), as amended) and (e) has all requisite governmental licenses, authorizations, consents and approvals to operate its business as currently conducted; except in each case referred to in clause (c), (d) or (e), to the extent that failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 5.02. Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is a party are within such Loan Party's corporate or other powers, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents, (b) result in any breach or contravention of, or the creation of any Lien under (other than as permitted by Section 7.01), or require any payment to be made under (i) (x) any Junior Financing Documentation and any other indenture, mortgage, deed of trust or loan agreement evidencing Indebtedness in an aggregate principal amount in excess of the Threshold Amount or (y) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Restricted Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law; except with respect to any breach or contravention or payment (but not creation of Liens) referred to in clauses (b) and (c) above, to the extent that such breach, contravention or payment, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 5.03. Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by any Loan Party of this Agreement or any other Loan Document, or for the consummation of the Transaction and (b) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, except for (i) filings necessary to perfect the Liens on the Collateral granted by the Loan Parties

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in favor of the Secured Parties, (ii) the approvals, consents, exemptions, authorizations, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect, and (iii) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain or make, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 5.04. Binding Effect. This Agreement and each other Loan Document has been duly executed and delivered by each Loan Party that is party thereto. This Agreement and each other Loan Document constitutes a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, subject to Debtor Relief Laws, general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing.

Section 5.05. Financial Statements; No Material Adverse Effect. (a) The Audited Financial Statements and the Unaudited Financial Statements fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the dates thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted therein (subject, in the case of the Unaudited Financial Statements, to normal year-end adjustments and the absence of footnotes).

(b) Since December 31, 2015, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(c) The forecasts of consolidated balance sheets, income statements and cash flow statements of the Borrower and its Subsidiaries for each fiscal year ending on or after December 31, 2016 through the fiscal year ending December 31, 2020, copies of which have been furnished to the Administrative Agent prior to the Amendment and Restatement Effective Date, have been prepared in good faith on the basis of the assumptions stated therein, which assumptions were believed by the Borrower to be reasonable at the time of preparation of such forecasts, it being understood that actual results may vary from such forecasts and that such variations may be material.

Section 5.06. Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrower, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against Holdings, the Borrower or any of the Restricted Subsidiaries or against any of their properties or revenues that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.07. No Default. Neither the Borrower nor any Restricted Subsidiary is in default under or with respect to, or a party to, any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.08. Ownership of Property; Liens. The Borrower and each of the Restricted Subsidiaries has good, valid and marketable title in fee simple to, or valid leasehold interests in, or easements or other limited property interests in, all real property necessary in the ordinary conduct of its business, free and clear of all Liens except for minor defects in title that do not materially interfere with its ability to conduct its business or to utilize such assets for their intended purposes and Liens permitted by Section 7.01 and except where the failure to have such title could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

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Section 5.09. Environmental Compliance. (a) There are no claims, actions, suits, or proceedings against Holdings, the Borrower or any of the Restricted Subsidiaries alleging potential liability or responsibility for violation of, or otherwise relating to, any Environmental Law that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect: (i) none of the properties currently or formerly owned, leased or operated by Holdings, the Borrower or any of the Restricted Subsidiaries is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; (ii) there are no and never have been any underground or aboveground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned, leased or operated by Holdings, the Borrower or any of the Restricted Subsidiaries or, to its knowledge, on any property formerly owned or operated by Holdings, the Borrower or any of the Restricted Subsidiaries; (iii) there is no asbestos or asbestos-containing material on any property currently owned or operated by any of Holdings, the Borrower or any of the Restricted Subsidiaries; and (iv) Hazardous Materials have not been released, discharged or disposed of by any Person on any property currently or formerly owned, leased or operated by Holdings, the Borrower or any of the Restricted Subsidiaries and Hazardous Materials have not otherwise been released, discharged or disposed of by Holdings, the Borrower or any of the Restricted Subsidiaries at any other location.

(c) The properties owned, leased or operated by Holdings, the Borrower or any of the Restricted Subsidiaries do not contain any Hazardous Materials in amounts or concentrations which (i) constitute, or constituted a violation of, (ii) require remedial action under, or (iii) could reasonably be expected to give rise to liability under, Environmental Laws, which violations, remedial actions and liabilities, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(d) None of Holdings, the Borrower or any of the Restricted Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law, except for such investigation or assessment or remedial or response action that, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(e) All Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by Holdings, the Borrower or any of the Restricted Subsidiaries have been disposed of in a manner not reasonably expected to result, either individually or in the aggregate, in a Material Adverse Effect.

(f) Except as could not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect, none of Holdings, the Borrower or any of the Restricted Subsidiaries has contractually assumed any liability or obligation under or relating to any Environmental Law.

Section 5.10. Taxes. Except as could not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, Holdings, the Borrower and the Restricted Subsidiaries have filed all Federal and other

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tax returns and reports required to be filed by them, and have paid all Federal and state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those (a) which are not overdue by more than thirty (30) days or (b) which are being contested in good faith by appropriate actions diligently conducted and for which adequate reserves have been provided in accordance with GAAP.

Section 5.11. ERISA Compliance. (a) No ERISA Event has occurred during the five year period prior to the date on which this representation is made with respect to any Pension Plan nor, to the knowledge of the Borrower, is an ERISA Event reasonably expected to occur; (b) neither any Loan Party nor any ERISA Affiliate has incurred any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (c) neither any Loan Party nor any ERISA Affiliate has incurred any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (d) neither any Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA, except, with respect to each of the foregoing clauses of this Section 5.11(a), as would not reasonably be expected, either individually or in the aggregate, to result in a Material Adverse Effect.

Section 5.12. Subsidiaries; Equity Interests. As of the Closing Date, (a) Holdings has no Subsidiaries other than the Borrower and its Subsidiaries, (b) the Borrower has no Subsidiaries other than those specifically disclosed in Schedule 5.12, (c) all of the outstanding Equity Interests in the Borrower and in material Restricted Subsidiaries of the Borrower have been validly issued, are fully paid and nonassessable (to the extent such concepts exist under applicable Law) and (d) all Equity Interests of the Borrower owned by Holdings and all Equity Interests owned by the Borrower and the Subsidiary Guarantors are (in each case) owned free and clear of all Liens except (i) those created under the Collateral Documents and (ii) any nonconsensual Lien that is permitted under Section 7.01. As of the Closing Date, Schedule 5.12 (a) sets forth the name and jurisdiction of Holdings, the Borrower and each Subsidiary of the Borrower, (b) sets forth the ownership interest of the Borrower and in each Subsidiary of the Borrower, including the percentage of such ownership and (c) identifies each Subsidiary of the Borrower, the Equity Interests of which are required to be pledged on the Closing Date pursuant to the Collateral and Guarantee Requirement.

Section 5.13. Margin Regulations; Investment Company Act. (a) The Borrower is not engaged nor will engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Borrowings or drawings under any Letter of Credit will be used for any purpose that violates Regulation U.

(b) None of the Borrower or any Subsidiary Guarantor is required to be registered as an “investment company” under the Investment Company Act of 1940.

Section 5.14. Disclosure. No report, financial statement, certificate or other written information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or any other Loan Document (as modified or supplemented by other information so furnished) when taken as a whole contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information and pro forma financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed by the Borrower

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to be reasonable at the time of preparation; it being understood that such projections may vary from actual results and that such variances may be material.

Section 5.15. Intellectual Property; Licenses, Etc. The Borrower and the Restricted Subsidiaries own, license or possess the right to use, all of the trademarks, service marks, trade names, domain names, copyrights, patents, patent rights, licenses, technology, software, know-how, database rights, right of privacy and publicity, and all other intellectual property rights (collectively, "IP Rights") that are necessary for the operation of their respective businesses as currently conducted, except where the failure to own, license or possess such IP Rights, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The operation of the respective businesses of the Borrower or any Restricted Subsidiary as currently conducted does not infringe upon, misuse, misappropriate or violate any rights held by any Person, except for such infringements, misuses, misappropriations or violations which could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any IP Rights is pending or threatened in writing against the Borrower or any of the Restricted Subsidiaries, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.16. Solvency. On the Amendment and Restatement Effective Date after giving effect to the transactions contemplated by the Incremental and Amendment and Restatement Agreement, the Borrower and its Restricted Subsidiaries, on a consolidated basis, are Solvent.

Section 5.17. Subordination of Junior Financing. The Obligations are "Senior Debt," "Senior Indebtedness," "Guarantor Senior Debt" or "Senior Secured Financing" (or any comparable term) under, and as defined in, any Junior Financing Documentation that is (or is required to be) subordinated to the Obligations.

Section 5.18. Labor Matters. Except as could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against Holdings, the Borrower or any of the Restricted Subsidiaries pending or, to the knowledge of Holdings or the Borrower, threatened in writing; (b) hours worked by and payment made to employees of each of Holdings, the Borrower or any of the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Laws dealing with such matters; and (c) all payments due from any of Holdings, the Borrower or any of the Restricted Subsidiaries on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant party.

Section 5.19. Perfection, Etc. All filings and other actions necessary to perfect the Lien in the Collateral created under the Collateral Documents (except for such actions that the Security Agreement specifically excepts the Borrower from performing) have been or will, within the required time periods under the Collateral Documents, be duly made or taken or otherwise provided for and are (or so will be) in full force and effect, and the Collateral Documents create in favor of the Administrative Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions, perfected first priority Lien in the Collateral to the extent required by the Collateral Documents, securing the payment of the Secured Obligations, subject only to Permitted Liens.

Section 5.20. USA PATRIOT Act and OFAC. (a) To the extent applicable, each of Holdings, the Borrower and the Restricted Subsidiaries is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended,

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and each of the foreign assets control regulations of the United States Treasury Department (31 CFR Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) the USA PATRIOT Act.

(b) No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(c) None of Holdings, the Borrower or any of the Restricted Subsidiaries nor, to the knowledge of Holdings or the Borrower, any director, officer, agent, employee or controlled Affiliate of Holdings, the Borrower or any of the Restricted Subsidiaries is currently the subject of any U.S. sanctions program administered by the Office of Foreign Assets Control of the United States Department of the Treasury (“OFAC”); and none of Holdings, the Borrower or any of the Borrower’s Restricted Subsidiaries will directly or indirectly knowingly use the proceeds of the Loans or otherwise knowingly make available such proceeds to any Person, for the purpose of financing the activities of any Person currently the subject of any U.S. sanctions program administered by OFAC, except to the extent licensed or otherwise approved by OFAC.

## ARTICLE VI

### Affirmative Covenants

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligation hereunder (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Cash Management Obligations and Obligations under Secured Hedge Agreements) shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding (unless the Outstanding Amount of the L/C Obligations related thereto has been Cash Collateralized, back-stopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably acceptable to the applicable L/C Issuer), the Borrower shall and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, 6.03 and 6.15) cause each Restricted Subsidiary to:

Section 6.01. Financial Statements. Deliver to the Administrative Agent for prompt further distribution to each Lender:

(a) Within ninety (90) days after the end of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, stockholders’ equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Deloitte & Touche LLP or any other independent registered public accounting firm of nationally recognized standing, which report and opinion shall not be subject to any “going concern” or like qualification or exception or any qualification or exception as to the scope of such audit (except as may be required as a result of (x) a prospective Event of Default with respect to the Financial Covenant, (y) in the case of the Term Lenders, an actual Event of Default with respect to the Financial Covenant or (z) the impending maturity of any Indebtedness, including the Loans hereunder).

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(b) Within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related (x) consolidated statements of income or operations for such fiscal quarter and for the portion of the fiscal year then ended and (y) consolidated statements of cash flows for the portion of the fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end adjustments and the absence of footnotes;

(c) Within ninety (90) days after the end of each fiscal year of the Borrower, a detailed consolidated budget for the then-current fiscal year (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year, the related consolidated statements of projected cash flow and projected income for such fiscal year and a summary of the material underlying assumptions applicable thereto); and

(d) simultaneously with the delivery of each set of consolidated financial statements referred to in Sections 6.01(a) and 6.01(b), the related unaudited consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements.

Notwithstanding the foregoing, the obligations in paragraphs (a) and (b) of this Section 6.01 may be satisfied with respect to financial information of the Borrower and the Restricted Subsidiaries by furnishing (A) the applicable financial statements of Holdings (or any direct or indirect parent of Holdings) or (B) the Borrower's or Holdings' (or any direct or indirect parent thereof), as applicable, Form 10-K or 10-Q, as applicable, filed with the SEC; provided that, with respect to each of preceding clauses (A) and (B), (i) to the extent such information relates to Holdings (or a direct or indirect parent thereof), such information is accompanied by unaudited consolidating information that explains in reasonable detail the differences between the information relating to Holdings (or such direct or indirect parent thereof), on the one hand, and the information relating to the Borrower and the Restricted Subsidiaries on a stand-alone basis, on the other hand, and (ii) to the extent such information is in lieu of information required to be provided under Section 6.01(a), such materials are, to the extent applicable, accompanied by a report and opinion of Deloitte & Touche LLP or any other independent registered public accounting firm of nationally recognized standing, which report and opinion shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit (except as may be required as a result of (x) a prospective Event of Default with respect to the Financial Covenant, (y) in the case of the Term Lenders, an actual Event of Default with respect to the Financial Covenant or (z) the impending maturity of any Indebtedness, including the Loans hereunder).

To the extent that any direct or indirect parent company of the Borrower, the Borrower or any of its Subsidiaries have publicly traded securities, including securities issued pursuant to Rule 144A under the Securities Act, the Borrower hereby (i) authorizes the Administrative Agent to make the financial statements to be provided under Section 6.01(a) and (b) above, along with the Loan Documents, available to prospective Lenders' public-side employees and representatives, (ii) agrees that at the time such financial statements are provided hereunder, they shall already have been, or shall be concurrently, made available to holders of its publicly traded securities and (iii) agrees not to request that any other materials that constitute material non-public

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information within the meaning of the federal securities laws be posted to prospective Lenders' public-side employees and representatives. In no event shall the Administrative Agent post compliance certificates or budgets to prospective Lenders' public-side employees and representatives.

Section 6.02. Certificates; Other Information. Deliver to the Administrative Agent for prompt further distribution to each Lender:

(a) no later than five (5) days after the delivery of the financial statements referred to in Section 6.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower;

(b) promptly after the same are publicly available, copies of all annual, regular, periodic and special reports and registration statements which Holdings or the Borrower files with the SEC or with any Governmental Authority that may be substituted therefor (other than amendments to any registration statement (to the extent such registration statement, in the form it became effective, is delivered), exhibits to any registration statement and, if applicable, any registration statement on Form S-8) and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(c) promptly after the furnishing thereof, copies of any material requests or material notices received by any Loan Party (other than in the ordinary course of business) from, or material statements or material reports furnished to, any holder of debt securities of any Loan Party or of any of its Subsidiaries pursuant to the terms of any (A) Credit Agreement Refinancing Indebtedness, (B) any Incremental Equivalent Debt, (C) any unsecured Indebtedness, (D) any Indebtedness that is secured on a junior basis to the Obligations or (E) any Junior Financing Documentation, in the case of preceding clauses (C), (D) and (E), in a principal amount greater than the Threshold Amount;

(d) together with the delivery of each Compliance Certificate pursuant to Section 6.02(a) solely with respect to financial statements delivered pursuant to Section 6.01(a), (i) a report setting forth the information required by Section 3.03(c) of the Security Agreement or confirming that there has been no change in such information since the Closing Date (or, if later, the date of the last such report) and (ii) an updated list of each Subsidiary that identifies each Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary as of the date of delivery of such Compliance Certificate (or confirming that there has been no change in such information since the Closing Date or the date of the last such update); and

(e) promptly, such additional information regarding the business, legal, financial or corporate affairs of any Loan Party or any Restricted Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender through the Administrative Agent may from time to time reasonably request.

Documents required to be delivered pursuant to Section 6.01(a) or (b) or Section 6.02(b) or (c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents are posted on the Borrower's behalf on IntraLinks/IntraAgency or another relevant website, if any, to which each Lender and the

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Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) upon written request by the Administrative Agent, the Borrower shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents. For purposes of this Section 6.02, paper copies shall include copies delivered by facsimile transmission or electronically (such as “tif”, “pdf” or similar file formats delivered by email).

Section 6.03. Notices. Promptly after obtaining knowledge thereof, notify the Administrative Agent:

- (a) of the occurrence of any Default;
- (b) of the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit, litigation or proceeding, whether at law or in equity by or before any Governmental Authority against Holdings, the Borrower or any of the Restricted Subsidiaries or the occurrence of any ERISA Event that, in each case, could reasonably be expected to result in a Material Adverse Effect; and
- (c) any event, condition, change, circumstance or matter that, either individually or in the aggregate, has resulted or could reasonably be expected to result in a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a written statement of a Responsible Officer of the Borrower (x) that such notice is being delivered pursuant to Section 6.03(a) or (b) (as applicable) and (y) setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto.

Section 6.04. Payment of Taxes. Pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities in respect of taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, except in each case, to the extent the failure to pay or discharge the same, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 6.05. Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05 and (b) take all reasonable action to maintain all rights, privileges (including its good standing), permits, licenses and franchises necessary or desirable in the normal conduct of its business except (i) to the extent that failure to do so could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or (ii) pursuant to a transaction permitted by Section 7.04 or 7.05.

Section 6.06. Maintenance of Properties. Except if the failure to do so could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order, repair and condition, ordinary wear and tear excepted and casualty or condemnation excepted and (b) make all necessary renewals, replacements, modifications,

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improvements, upgrades, extensions and additions thereof or thereto generally in accordance with prudent industry practice in all material respects.

Section 6.07. Maintenance of Insurance. (a) Maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and the Restricted Subsidiaries or otherwise consistent with past practices) as are customarily carried under similar circumstances by such other Persons.

(b) (i) The Borrower shall use commercially reasonable efforts to have all such insurance provide that the insurer affording coverage will endeavor to mail 30 days written notice of cancellation of such insurance coverage to the Collateral Agent (in the case of property and liability insurance).

(ii) All such insurance shall, unless otherwise agreed to by the Administrative Agent, name the Collateral Agent as mortgagee (in the case of property insurance) or additional insured on behalf of the Secured Parties (in the case of liability insurance) or loss payee (in the case of property insurance), as applicable.

(c) With respect to each Mortgaged Property, obtain flood insurance in such total amount as the Administrative Agent or the Required Lenders may from time to time reasonably require, if at any time the area in which any improvements located on any Mortgaged Property is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), and otherwise comply with the National Flood Insurance Program as set for the in the Flood Disaster Protection Act of 1973, as amended from time to time.

Section 6.08. Compliance with Laws. Comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except if the failure to comply therewith could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.09. Books and Records. Maintain proper books of record and account, in which entries that are full, true and correct in all material respects and are in conformity with GAAP shall be made of all material financial transactions and matters involving the assets and business of Holdings, the Borrower or such Subsidiary, as the case may be (it being understood and agreed that certain Foreign Subsidiaries maintain individual books and records in conformity with generally accepted accounting principles in their respective countries of organization and that such maintenance shall not constitute a breach of the representations, warranties or covenants hereunder).

Section 6.10. Inspection Rights. Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants (subject to such independent public accountants' customary policies and procedures), all at the reasonable expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably

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desired, upon reasonable advance notice to the Borrower; provided that, only the Administrative Agent on behalf of the Lenders may exercise rights of the Administrative Agent and the Lenders under this Section 6.10 and the Administrative Agent shall not exercise such rights more often than two (2) times during any calendar year absent the existence of an Event of Default and only one (1) such time shall be at the Borrower's expense; provided, further, that during the continuance of an Event of Default, the Administrative Agent (or any of its respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and upon reasonable advance notice. The Administrative Agent shall give the Borrower the opportunity to participate in any discussions with the Borrower's independent public accountants. Notwithstanding anything to the contrary in this Section 6.10, none of the Borrower or any of the Restricted Subsidiaries will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (a) constitutes non-financial trade secrets or non-financial proprietary information, (b) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by Law or any binding agreement or (c) is subject to attorney-client or similar privilege or constitutes attorney work product.

Section 6.11. Covenant to Guarantee Obligations and Give Security. At the Borrower's expense, take all action necessary or reasonably requested by the Administrative Agent to ensure that the Collateral and Guarantee Requirement continues to be satisfied, including:

(a) upon the formation or acquisition of any new direct or indirect wholly owned Domestic Subsidiary (in each case, other than an Unrestricted Subsidiary or an Excluded Subsidiary) by any Loan Party or the designation in accordance with Section 6.14 of any existing direct or indirect wholly owned Domestic Subsidiary as a Restricted Subsidiary (other than an Excluded Subsidiary):

(i) within thirty (30) days after such formation, acquisition or designation (or with respect to any item or deliverable with respect to Material Real Property, ninety (90) days) or such longer period as the Administrative Agent may agree in its discretion:

(A) cause each such Restricted Subsidiary that is required to become a Guarantor under the Collateral and Guarantee Requirement to furnish to the Administrative Agent a description of the Material Real Properties owned by such Restricted Subsidiary, in detail reasonably satisfactory to the Administrative Agent;

(B) cause (x) each such Restricted Subsidiary that is required to become a Guarantor pursuant to the Collateral and Guarantee Requirement to duly execute and deliver to the Administrative Agent or the Collateral Agent (as appropriate) Guaranty Supplements and Mortgages with respect to the Material Real Properties which are identified to the Administrative Agent pursuant to Section 6.11(a)(i)(A), Security Agreement Supplements, a counterpart of the Intercompany Note and other security agreements and documents (including, with respect to such Mortgages, the documents listed in Section 6.13(b)), as reasonably requested by and in form and substance reasonably satisfactory to the Administrative Agent (consistent with the Mortgages, Security Agreement and other security agreements in effect on the Closing Date), in each case granting Liens required by the Collateral and Guarantee Requirement and (y) each direct or indirect parent of each such Restricted

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Subsidiary that is required to be a Guarantor pursuant to the Collateral and Guarantee Requirement to duly execute and deliver to the Administrative Agent such Security Agreement Supplements and other security agreements as reasonably requested by and in form and substance reasonably satisfactory to the Administrative Agent (consistent with the Security Agreements in effect on the Closing Date), in each case granting Liens required by the Collateral and Guarantee Requirement;

(C) (x) cause each such Restricted Subsidiary that is required to become a Guarantor pursuant to the Collateral and Guarantee Requirement to deliver any and all certificates representing Equity Interests (to the extent certificated) that are required to be pledged pursuant to the Collateral and Guarantee Requirement, accompanied by undated stock powers or other appropriate instruments of transfer executed in blank and instruments evidencing the intercompany Indebtedness held by such Restricted Subsidiary and required to be pledged pursuant to the Collateral Documents, indorsed in blank to the Collateral Agent and (y) cause each direct or indirect parent of such Restricted Subsidiary that is (or is required to be) a Guarantor pursuant to the Collateral and Guarantee Requirement to deliver any and all certificates representing the outstanding Equity Interests (to the extent certificated) of such Restricted Subsidiary that are required to be pledged pursuant to the Collateral and Guarantee Requirement, accompanied by undated stock powers or other appropriate instruments of transfer executed in blank and instruments evidencing the intercompany Indebtedness issued by such Restricted Subsidiary and required to be pledged in accordance with the Collateral Documents, indorsed in blank to the Collateral Agent;

(D) take and cause such Restricted Subsidiary and each direct or indirect parent of such Restricted Subsidiary that is required to become a Guarantor pursuant to the Collateral and Guarantee Requirement to take whatever action (including the recording of Mortgages, the filing of Uniform Commercial Code financing statements and delivery of stock and membership interest certificates) may be necessary in the reasonable opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid Liens required by the Collateral and Guarantee Requirement, enforceable against all third parties in accordance with their terms, subject to Debtor Relief Laws, general principles of equity (whether considered in a proceeding in equity or at law) and an applied covenant of good faith and fair dealing,

(ii) within thirty (30) days after the request therefor by the Administrative Agent, deliver to the Administrative Agent a signed copy of an opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties reasonably acceptable to the Administrative Agent as to such matters set forth in this Section 6.11(a) as the Administrative Agent may reasonably request, and

(iii) as promptly as practicable after the request therefor by the Administrative Agent, deliver to the Administrative Agent with respect to each parcel of Material Real Property that is owned by such Restricted Subsidiary, any existing title reports, surveys or environmental assessment reports.

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(b) after the Closing Date, promptly following (x) the acquisition of any material personal property by any Loan Party or (y) the acquisition of any owned Material Real Property by any Loan Party, if such personal property or owned Material Real Property shall not already be subject to a perfected Lien pursuant to the Collateral and Guarantee Requirement, the Borrower shall give notice thereof to the Administrative Agent and promptly thereafter shall cause such assets to be subjected to a Lien to the extent required by the Collateral and Guarantee Requirement and will take, or cause the relevant Loan Party to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect or record such Lien, including, as applicable, the actions referred to in Section 6.13(b) with respect to real property.

Section 6.12. Compliance with Environmental Laws. Except, in each case, to the extent that the failure to do so could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect: comply, and take all reasonable actions to cause all lessees and other Persons operating or occupying its properties to comply with all applicable Environmental Laws and Environmental Permits; obtain and renew all Environmental Permits necessary for its operations and properties; and, in each case to the extent required by Environmental Laws, conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws.

Section 6.13. Further Assurances. (a) Promptly upon reasonable request by the Administrative Agent (i) correct any material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of any Collateral Document or other document or instrument relating to any Collateral, and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent may reasonably request from time to time in order to carry out more effectively the purposes of the Collateral Documents (subject to the limitations set forth therein and in the definition of Collateral and Guarantee Requirement).

(b) In the case of any Material Real Property referred to in Section 6.11(a)(i)(A) or 6.11(b)(ii), provide the Administrative Agent with Mortgages with respect to such owned Material Real Property within ninety (90) days of the acquisition thereof (as such date may be extended by the Administrative Agent) together with:

(i) evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered and are in form suitable for filing or recording in all filing or recording offices that the Administrative Agent may deem reasonably necessary in order to create a valid and subsisting perfected Lien on the property and/or rights described therein in favor of the Administrative Agent or the Collateral Agent (as appropriate) for the benefit of the Secured Parties and that all filing and recording taxes and fees have been paid or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent;

(ii) fully paid American Land Title Association Lender's Extended Coverage title insurance policies or the equivalent or other form available in each applicable jurisdiction in form and substance, with endorsements and in amount, reasonably acceptable to the Administrative Agent (not to exceed the value of the real properties covered thereby), issued, coinsured and reinsured by title insurers reasonably acceptable to the Administrative Agent, insuring the Mortgages to be valid subsisting Liens on the property described therein, free and clear of all defects and

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encumbrances, subject to Permitted Liens, and providing for such other affirmative insurance (including endorsements for future advances under the Loan Documents) and such coinsurance and direct access reinsurance as the Administrative Agent may reasonably request;

(iii) opinions of local counsel for the Loan Parties in states in which such real properties are located, with respect to the enforceability and perfection of the Mortgages and any related fixture filings in form and substance reasonably satisfactory to the Administrative Agent;

(iv) flood certificates covering each Mortgaged Property in form and substance reasonably acceptable to the Collateral Agent, certified to the Collateral Agent in its capacity as such and certifying whether or not each such Mortgaged Property is located in a flood hazard zone by reference to the applicable FEMA map and for any Mortgaged Property located in a flood hazard zone, evidence of flood insurance from a company and in an amount reasonably satisfactory to the Administrative Agent and naming the Administrative Agent as mortgagee; and

(v) subject to the limitations in the Collateral and Guarantee Requirement, such other evidence that all other actions that the Administrative Agent may reasonably deem necessary or desirable in order to create valid and subsisting Liens on the property described in the Mortgages has been taken.

Section 6.14. Designation of Subsidiaries. The board of directors of the Borrower may at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (i) immediately before and after such designation, no Event of Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, the Borrower and the Restricted Subsidiaries shall be in compliance, on a Pro Forma Basis, with the Financial Covenant (and, as a condition precedent to the effectiveness of any such designation, the Borrower shall deliver to the Administrative Agent a certificate setting forth in reasonable detail the calculations demonstrating such compliance), (iii) no Subsidiary may be designated as an Unrestricted Subsidiary if it is a “Restricted Subsidiary” for the purpose of any Indebtedness then outstanding in a principal amount greater than the Threshold Amount, as applicable and (iv) the Investment resulting from the designation of such Subsidiary as an Unrestricted Subsidiary as described in the immediately succeeding sentence is permitted by Section 7.02. The designation of any Subsidiary as an Unrestricted Subsidiary shall constitute an Investment by the Borrower therein at the date of designation in an amount equal to the Fair Market Value of the net assets of the respective Subsidiary at the time that such Subsidiary is designated an Unrestricted Subsidiary. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute the incurrence at the time of designation of any Indebtedness or Liens of such Subsidiary existing at such time. Notwithstanding the foregoing, any Unrestricted Subsidiary that has been re-designated a Restricted Subsidiary may not be subsequently re-designated as an Unrestricted Subsidiary.

Section 6.15. Maintenance of Rating. Use commercially reasonable efforts to maintain (i) a public corporate credit rating (but not any specific rating) from S&P and a public corporate family rating (but not any specific rating) from Moody’s, in each case in respect of the Borrower, and (ii) a public rating (but not any specific rating) in respect of the Term Loans from each of S&P and Moody’s.

Section 6.16. Use of Proceeds. Use the proceeds of any Borrowing on the Amendment and Restatement Effective Date, whether directly or indirectly, in a manner consistent with the uses set forth in the preliminary statements to this Agreement, and after the Amendment and Restatement Effective Date, use the proceeds of any Borrowing for any purpose not

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otherwise prohibited under this Agreement, including for general corporate purposes, working capital needs, the repayment of Indebtedness, the making of Restricted Payments and the making of Investments.

## ARTICLE VII

### Negative Covenants

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligation hereunder (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) Cash Management Obligations and Obligations under Secured Hedge Agreements) shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding (unless the Outstanding Amount of the L/C Obligations related thereto has been Cash Collateralized, back stopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably acceptable to the applicable L/C Issuer), the Borrower shall not (and with respect to Section 7.14, Holdings shall not), nor shall the Borrower permit any of the Restricted Subsidiaries to, directly or indirectly:

Section 7.01. Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

- (a) Liens pursuant to any Loan Document;
  - (b) Liens existing on the Closing Date and listed on Schedule 7.01(b) and any modifications, replacements, renewals, refinancings or extensions thereof; provided that (i) the Lien does not extend to any additional property other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien or financed or refinanced by Indebtedness permitted under Section 7.03, and (B) proceeds and products thereof, and (ii) the renewal, extension or refinancing of the obligations secured or benefited by such Liens, to the extent constituting Indebtedness, is permitted by Section 7.03;
  - (c) Liens for taxes, assessments or governmental charges which are not overdue for a period of more than sixty (60) days or, if more than sixty (60) days overdue, which are being contested in good faith and by appropriate actions diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP or the equivalent accounting principles in the relevant local jurisdiction;
  - (d) statutory or common law Liens of landlords, carriers, warehousemen, mechanics, materialmen, repairmen, construction contractors or other like Liens and contractual Liens in favor of landlords, in each case arising in the ordinary course of business which secure amounts not overdue for a period of more than sixty (60) days or, if more than sixty (60) days overdue, are (i) unfiled and no other action has been taken to enforce such Lien or (ii) which are being contested in good faith and by appropriate actions diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP or the equivalent accounting principles in the relevant local jurisdiction;
  - (e) (i) pledges or deposits in the ordinary course of business in connection with workers' compensation, health, disability or employee benefits, unemployment insurance and other social security laws or similar legislation
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or regulation or other insurance-related obligations (including, but not limited to, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto) and (ii) pledges and deposits in the ordinary course of business securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to Holdings, the Borrower or any Restricted Subsidiary;

(f) deposits to secure the performance of bids, trade contracts, governmental contracts and leases (other than Indebtedness), statutory obligations, surety, stay, customs and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business;

(g) easements, rights-of-way, covenants, conditions, restrictions, encroachments, protrusions and other similar encumbrances and minor title defects, minor irregularities or matters that would be disclosed in an accurate survey affecting real property which, in the aggregate, do not in any case materially and adversely interfere with the ordinary conduct of the business of the Borrower or any Restricted Subsidiary;

(h) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(h);

(i) Liens securing obligations in respect of Indebtedness permitted under Section 7.03(e); provided that (i) such Liens attach concurrently with or not later than two hundred and seventy (270) days after the acquisition, repair, replacement, construction or improvement (as applicable) of the property subject to such Liens (including reconstruction, refurbishment, renovation and development of real property), (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, replacements thereof and additions and accessions to such property and the proceeds and the products thereof and customary security deposits related thereto and (iii) with respect to Capitalized Leases, such Liens do not at any time extend to or cover any assets (except for additions and accessions to such assets, replacements and products thereof and customary security deposits) other than the assets subject to such Capitalized Leases; provided that individual financings of equipment provided by one lender may be cross collateralized to other financings of equipment provided by such lender;

(j) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business which do not interfere in any material respect with the business of the Borrower or any Restricted Subsidiary or secure any Indebtedness;

(k) Liens (i) 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 in the ordinary course of business and (ii) on specific items of inventory or other goods and proceeds thereof of any Person securing such Person's obligations in respect of bankers' acceptances or letters of credit issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or such goods in the ordinary course of business;

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(l) Liens (i) of a collection bank arising under Section 4-208 of the Uniform Commercial Code on items in the course of collection and (ii) in favor of a banking or other financial institution arising as a matter of law or under customary general terms and conditions encumbering deposits or other funds maintained with a financial institution (including the right of set-off) and which are within the general parameters customary in the banking industry or arising pursuant to such banking institution's general terms and conditions;

(m) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment or other acquisition permitted pursuant to this Agreement to be applied against the purchase price for such Investment or other acquisition, and (ii) consisting of an agreement to Dispose of any property in a Disposition permitted under Section 7.05, in each case, solely to the extent such Investment or other acquisition or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(n) Liens on property of any Restricted Subsidiary that is not a Loan Party, which Liens secure Indebtedness of the applicable Restricted Subsidiaries permitted under Section 7.03 or other obligations not constituting Indebtedness;

(o) Liens in favor of the Borrower or a Restricted Subsidiary securing Indebtedness permitted under Section 7.03(d);

(p) Liens existing on property at the time of its acquisition or existing on the property of any Person at the time such Person becomes a Restricted Subsidiary (other than by designation as a Restricted Subsidiary pursuant to Section 6.14), in each case after the Closing Date and the replacement, extension or renewal of any Lien permitted by this clause (p) upon or in the same property previously subject thereto in connection with the replacement, refinancing, extension or renewal (without increase in the amount or any change in any direct or contingent obligor) of the Indebtedness secured thereby; provided that, (i) such Lien was not created in contemplation of such acquisition or such Person becoming a Restricted Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof and other than after-acquired property subjected to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, 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);

(q) any interest or title of a lessor, sublessor, licensor or sublicensor or secured by a lessor's, sublessor's, licensor's or sublicensor's interest under leases (other than Capitalized Leases), subleases, licenses or sublicenses entered into by the Borrower or any of the Restricted Subsidiaries in the ordinary course of business;

(r) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by the Borrower or any of the Restricted Subsidiaries in the ordinary course of business;

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(s) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 7.02; provided that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(t) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Borrower or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower and the Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Borrower or any Restricted Subsidiary in the ordinary course of business;

(u) Liens solely on any cash earnest money deposits made by the Borrower or any of the Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(v) [Reserved];

(w) Liens arising from precautionary UCC financing statement or similar filings regarding operating leases entered into in the ordinary course of business;

(x) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(y) ground leases in respect of real property on which facilities or equipment owned or leased by the Borrower or any of the Restricted Subsidiaries are located;

(z) Liens encumbering reasonable and 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;

(aa) Liens securing Indebtedness and other obligations of the Borrower or any of the Restricted Subsidiaries in an aggregate outstanding principal amount at any time outstanding not to exceed the greater of (i) \$50,000,000 and (ii) 2.75% of Total Assets;

(bb) Liens securing obligations in respect of any Indebtedness permitted by Section 7.03(h)(B) and any Permitted Refinancing of any of the foregoing; provided that (x) any such Liens securing Indebtedness that is secured by the Collateral on a pari passu basis (i) shall be subject to a First Lien Intercreditor Agreement and (ii) shall not extend to, or cover, any Collateral owned by the Loan Parties immediately prior to the incurrence of such Indebtedness unless at the time of such incurrence the Borrower was in Pro Forma Compliance with a Consolidated First Lien Net Leverage Ratio of no greater than 4.25 to 1.00 and (y) any such Liens securing Indebtedness that is secured by the Collateral on a junior basis shall be subject to a Second Lien Intercreditor Agreement;

(cc) Liens securing obligations in respect of Permitted Pari Passu Secured Refinancing Debt or Permitted Junior Secured Refinancing Debt and any Permitted Refinancing of any of the foregoing; provided that (x) any such

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Liens securing any obligations in respect of Permitted Pari Passu Secured Refinancing Debt are subject to a First Lien Intercreditor Agreement and (y) any such Liens securing any obligations in respect of Permitted Junior Secured Refinancing Debt are subject to a Second Lien Intercreditor Agreement; and

(dd) Liens securing obligations in respect of any Incremental Equivalent Debt and any Permitted Refinancing of any of the foregoing; provided that (x) any such Liens securing Indebtedness that is secured by the Collateral on a pari passu basis shall be subject to a First Lien Intercreditor Agreement and (y) any such Liens securing Indebtedness that is secured by the Collateral on a junior basis shall be subject to a Second Lien Intercreditor Agreement.

Section 7.02. Investments. Make or hold any Investments, except:

- (a) Investments by the Borrower or a Restricted Subsidiary in assets that were Cash Equivalents when such Investment was made;
  - (b) loans or advances to officers, directors, consultants and employees of the Borrower or any of the Restricted Subsidiaries (i) for reasonable and customary business-related travel, entertainment, relocation and analogous ordinary business purposes, (ii) in connection with such Person's purchase of Equity Interests of Holdings or any direct or indirect parent thereof (provided that the amount of such loans and advances shall be contributed to the Borrower in cash as common equity) and (iii) for purposes not described in the foregoing clauses (i) and (ii), in an aggregate principal amount outstanding not to exceed \$10,000,000 (determined without regard to any write-downs or write-offs);
  - (c) Investments (i) by the Borrower or any Restricted Subsidiary in any Loan Party (excluding Holdings), (ii) by any Restricted Subsidiary that is not a Loan Party in any other such Restricted Subsidiary that is also not a Loan Party, (iii) by the Borrower or any Subsidiary Guarantor (A) in any Non-Loan Party, provided that the aggregate amount of such Investments at any time outstanding pursuant to this Section 7.02(c)(iii)(A) shall not exceed the greater of (1) \$75,000,000 and (2) 4.00% of Total Assets, (B) in any Foreign Subsidiary consisting of a contribution of Equity Interests of any other Foreign Subsidiary held directly by the Borrower or such Restricted Subsidiary and if the Foreign Subsidiary to which such contribution is made is not a wholly-owned Foreign Subsidiary, such contribution shall be in exchange for Indebtedness, Equity Interests (including increases in capital accounts) or a combination thereof of the Foreign Subsidiary to which such contribution is made, provided that the Equity Interests of a wholly owned Foreign Subsidiary only may be contributed to another wholly owned Foreign Subsidiary under this sub-clause (B), and (C) constituting Guarantees of Indebtedness or other monetary obligations of Non-Loan Parties owing to any Loan Party (other than Holdings) and (iv) by the Borrower or any Subsidiary Guarantor in any Restricted Subsidiary to fund or in connection with any Permitted Acquisition specifically contemplated at such time;
  - (d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers in the ordinary course of business;
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(e) Investments consisting of Liens, Indebtedness, fundamental changes, Dispositions, Restricted Payments and prepayments of Indebtedness permitted under Sections 7.01, 7.03, 7.04, 7.05, 7.06 and 7.13, respectively;

(f) Investments (i) existing or contemplated on the Closing Date and set forth on Schedule 7.02(f) (including, in any case (regardless of whether set forth on Schedule 7.02(f)), any Specified Acquisition and Specified Acquisition Guaranties) and any modification, replacement, renewal, reinvestment or extension thereof and (ii) existing on the Closing Date by the Borrower or any Restricted Subsidiary in the Borrower or any other Restricted Subsidiary and any modification, exchange in kind, renewal or extension thereof; provided that (x) the amount of the original Investment is not increased except by the terms of such Investment or as otherwise permitted by this Section 7.02 and (y) any Investment in the form of Indebtedness of any Loan Party owed to any Restricted Subsidiary that is not a Loan Party shall be subject to the subordination terms set forth in the Intercompany Note;

(g) Investments in respect of Swap Contracts designed to hedge against interest rates, foreign exchange rates risks or commodities pricing incurred in the ordinary course of business and not for speculative purposes;

(h) promissory notes and other noncash consideration received in connection with Dispositions permitted by Section 7.05;

(i) the purchase or other acquisition of all or substantially all of the assets of a Person or assets constituting a business or any Equity Interests in, or any Indebtedness and related obligations of, a Person that is or becomes a Restricted Subsidiary (including as a result of a merger, consolidation or otherwise) or any business unit, division or line of business of a Person (or any subsequent Investment made in a Person, business unit, division or line of business previously acquired in a Permitted Acquisition), in a single transaction or a series of related transactions (each, a "**Permitted Acquisition**"), if immediately after giving effect thereto:

(A) any such newly created or acquired Subsidiary and the Subsidiaries of such created or acquired Subsidiary shall, to the extent required under the Collateral and Guarantee Requirement and Section 6.11, become a Guarantor and comply with the requirements of Section 6.11, within the times specified therein;

(B) after giving effect to such purchase or acquisition, the Borrower and the Restricted Subsidiaries shall be in compliance with Section 7.07; and

(C) (1) immediately before and immediately after giving Pro Forma Effect to any such purchase or other acquisition, no Event of Default shall have occurred and be continuing and (2) immediately after giving effect to such purchase or other acquisition (and any concurrent Disposition), the Borrower and the Restricted Subsidiaries shall be in Pro Forma Compliance with the Financial Covenant; and

(j) [Reserved];

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

(l) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of suppliers and customers or in settlement of delinquent obligations of, or other disputes with, customers and suppliers arising in the ordinary course of business or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(m) loans and advances to Holdings (or any direct or indirect parent thereof) in lieu of, and not in excess of the amount of (after giving effect to any other loans, advances or Restricted Payments in respect thereof), Restricted Payments to the extent permitted to be made to Holdings (or such parent) in accordance with Section 7.06(h), (i), (j), (k), (m), (n) or (o);

(n) so long as no Event of Default has occurred and is continuing or would result therefrom, other Investments at any time outstanding that do not exceed the greater of (i) \$100,000,000 and (ii) 5.25% of Total Assets;

(o) so long as immediately after giving effect to any such Investment, no Event of Default has occurred and is continuing, other Investments after the Amendment and Restatement Effective Date in an amount not to exceed the Cumulative Growth Amount immediately prior to the time of the making of such Investment;

(p) advances of payroll payments to employees and consultants in the ordinary course of business;

(q) Investments to the extent that payment for such Investments is made solely with capital stock of Holdings (or any direct or indirect parent of Holdings);

(r) Investments of a Restricted Subsidiary acquired after the Closing Date or of a Person merged into the Borrower or merged or consolidated with a Restricted Subsidiary in accordance with Section 7.04 after the Closing Date, to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(s) Guarantees by the Borrower or any Restricted Subsidiary of leases (other than Capitalized Leases) or of other obligations of the Borrower or any Restricted Subsidiary otherwise permitted hereunder that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

(t) Investments consisting of licensing of intellectual property pursuant to joint marketing arrangements with other Persons so long as such licensing arrangements do not limit in any material respect the Collateral Agent's security interest (if any) in the intellectual property so licensed;

(u) Investments made by any Restricted Subsidiary that is not a Loan Party to the extent such Investments are financed with the proceeds received by such Restricted Subsidiary from an Investment in such Restricted Subsidiary otherwise permitted under this Section 7.02;

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(v) so long as no Event of Default shall have occurred and be continuing or would result therefrom, Investments financed with the proceeds of Excluded Contributions;

(w) so long as no Event of Default shall have occurred and be continuing or would result therefrom, Investments in Unrestricted Subsidiaries and joint ventures at any time outstanding that do not exceed \$40,000,000; and

(x) Investments, so long as (i) no Event of Default shall have occurred and be continuing or would result therefrom and (ii) the Total Net Leverage Ratio of the Borrower, calculated on a Pro Forma Basis, shall be no greater than 3.50 to 1.00.

Any Investment that exceeds the limits of any particular clause set forth above may be allocated amongst more than one of such clauses to permit the incurrence or holding of such Investment to the extent such excess is permitted as an Investment under such other clauses.

Section 7.03. Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

- (a) Indebtedness of the Borrower and any of its Subsidiaries under the Loan Documents;
  - (b) Indebtedness (i) outstanding on the Closing Date and listed on Schedule 7.03(b) and any Permitted Refinancing thereof and (ii) intercompany Indebtedness outstanding on the Closing Date and any Permitted Refinancing thereof;
  - (c) Guarantees by the Borrower or any of the Restricted Subsidiaries in respect of Indebtedness of the Borrower or any Restricted Subsidiary otherwise permitted hereunder; provided that (A) no Guarantee by any Restricted Subsidiary of any Junior Financing shall be permitted unless such Restricted Subsidiary shall have also provided a Guarantee of the Obligations substantially on the terms set forth in the Subsidiary Guaranty, (B) if the Indebtedness being Guaranteed is subordinated to the Obligations, such Guarantee shall be subordinated to the Guarantee of the Obligations on terms at least as favorable to the Lenders as those contained in the subordination of such Indebtedness, (C) any Guarantee of any Incremental Equivalent Debt, any Credit Agreement Refinancing Indebtedness or any Permitted Ratio Debt (or any Permitted Refinancing in respect thereof) shall only be permitted if it meets the requirements of the respective definitions (and component definitions) thereof and clause (u), (v) or (y) of this Section 7.03, as applicable and (D) the aggregate amount of Guarantees outstanding at any time incurred pursuant to this clause (c) by Non-Loan Parties of Indebtedness of the Borrower or any Subsidiary Guarantor incurred under Sections 7.03(h)(B), (n), (u), (w), (x) and (y)(i) shall not exceed the Permitted Non-Loan Party Indebtedness Amount;
  - (d) Indebtedness of the Borrower or any Restricted Subsidiary owing to Holdings, the Borrower or any other Restricted Subsidiary, to the extent constituting an Investment not prohibited by Section 7.02; provided that all
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such Indebtedness of any Loan Party owed to any Person that is not a Loan Party shall be subject to the subordination terms set forth in the Intercompany Note;

(e) (i) Attributable Indebtedness and other Indebtedness (including Capitalized Leases) of the Borrower and the Restricted Subsidiaries financing the acquisition, construction, repair, replacement or improvement of fixed or capital assets (including reconstruction, refurbishment, renovation and development of real property); provided that such Indebtedness is incurred concurrently with or not later than two hundred and seventy (270) days after the applicable acquisition, construction, repair, replacement or improvement, (ii) Attributable Indebtedness of the Borrower or any Restricted Subsidiary arising out of any sale-leaseback transaction permitted by Section 7.05 and (iii) any Permitted Refinancing of any of the foregoing; provided, further, that the aggregate amount of Indebtedness outstanding at any time under this clause (e) shall not exceed the greater of \$50,000,000 and 2.75% of Total Assets;

(f) Indebtedness in respect of Swap Contracts designed to hedge against interest rates, foreign exchange rates risks or commodities pricing incurred in the ordinary course of business and not for speculative purposes;

(g) [Reserved].

(h) Indebtedness of the Borrower or any Restricted Subsidiary (A) assumed in connection with any Permitted Acquisition; provided, that such Indebtedness is not incurred in contemplation of such Permitted Acquisition or (B) incurred to finance a Permitted Acquisition and, in the case of clauses (A) and (B), any Permitted Refinancing of any such Indebtedness; provided, further, that (x) no Event of Default shall exist or result therefrom and (y) in the case of clauses (A) and (B) above, if such Indebtedness is (1) secured on a *pari passu* basis with the Obligations, the Borrower and the Restricted Subsidiaries will be in Pro Forma Compliance with a Consolidated First Lien Net Leverage Ratio of no greater than 4.75 to 1.00, (2) secured on a junior basis to the Obligations, the Borrower and the Restricted Subsidiaries will be in Pro Forma Compliance with a Consolidated Senior Secured Net Leverage Ratio of no greater than 5.75 to 1.00 and (3) unsecured or secured only by Liens on assets of Restricted Subsidiaries that are not Guarantors, the Borrower and the Restricted Subsidiaries will be in Pro Forma Compliance with a Total Net Leverage Ratio of no greater than 6.00 to 1.00; provided, further, that (i) in the case of clause (B) above and solely with respect to Indebtedness incurred by the Borrower or any Subsidiary Guarantor, such Indebtedness will not mature prior to the date that is ninety-one (91) days after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness, (ii) in the case of clause (B) above and solely with respect to Indebtedness incurred by the Borrower or any Subsidiary Guarantor, the documentation for such Indebtedness contains no mandatory prepayment, repurchase or redemption provisions (except with respect to change of control, asset sale and event of loss mandatory offers to purchase or mandatory prepayments and customary acceleration rights after an event of default) prior to the date that is ninety-one (91) days after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness (other than, in the case of clause (1) and (2) of the immediately preceding proviso, for annual nominal amortization payments not to exceed 1% of the original aggregate principal amount of such Indebtedness), (iii) in the case of clause (1) and (2) of the immediately preceding proviso, any such Indebtedness shall be subject to a First Lien Intercreditor Agreement or a Second Lien Intercreditor Agreement, as applicable, (iv) in the case of clause (B) above, if incurred by a Non-Loan Party, the aggregate principal amount of all Indebtedness of Non-Loan Parties incurred pursuant to this clause (h)(B) outstanding at any time shall not exceed the Permitted Non-Loan Party Indebtedness Amount, (v) in the

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case of clause (A) above, such Indebtedness is secured only by Liens permitted pursuant to Section 7.01(p), and (vi) in the case of clause (B) above and solely with respect to Indebtedness incurred by the Borrower or any Subsidiary Guarantor, the documentation with respect to any such Indebtedness shall contain terms and conditions (other than with respect to pricing, fees, premiums and optional prepayment or redemption terms) not materially more restrictive (taken as a whole) in respect to the Borrower and the Restricted Subsidiaries than those set forth in this Agreement (except for covenants or other provisions applicable only to periods after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness); and, provided, however, that, in the case of clause (B) above, such Indebtedness may be incurred in the form of a customary “bridge” or other interim credit facility intended to be refinanced or replaced with long-term indebtedness which does not satisfy the requirements of clauses (i), (ii) and (vi) above so long as, subject to customary conditions, it would either be automatically converted into or required to be exchanged for permanent financing which satisfies the requirements of clauses (i), (ii) and (vi) above;

(i) Indebtedness representing deferred compensation to employees of the Borrower or any of the Restricted Subsidiaries incurred in the ordinary course of business;

(j) Indebtedness consisting of promissory notes issued by any Loan Party to current or former officers, directors, consultants and employees, their respective estates, heirs, permitted transferees, spouses or former spouses to finance the purchase or redemption of Equity Interests of the Borrower (or any direct or indirect parent thereof) permitted by Section 7.06; provided that (i) such Indebtedness shall be subordinated in right of payment to the Obligations on terms reasonably satisfactory to the Administrative Agent and (ii) the aggregate amount of all cash payments (whether principal or interest) made by the Loan Parties in respect of such notes in any calendar year, when combined with the aggregate amount of Restricted Payments made pursuant to Section 7.06(g) in such calendar year, shall not exceed \$25,000,000; provided that any unused amounts in any calendar year may be carried over to succeeding calendar years and shall increase the preceding amount; and, provided, further, that such amount in any calendar year may be increased by an amount not to exceed the remainder of (x) the sum of (1) the amount of Net Cash Proceeds of issuances of Equity Interests (other than issuances of Equity Interests made pursuant to Section 8.05) to the extent that such Net Cash Proceeds shall have been actually received by the Borrower through a capital contribution of such Net Cash Proceeds by Holdings (and to the extent not used to make an Investment pursuant to Section 7.02(o) or (v), prepay Junior Financings pursuant to Section 7.13(a)(v), or make a Restricted Payment pursuant to Section 7.06(g) or (j)), in each case to employees, directors, officers, members of management or consultants of the Borrower (or any direct or indirect parent of the Borrower) or of its Subsidiaries that occurs after the Closing Date plus (2) the net cash proceeds of key man life insurance policies received by Holdings, the Borrower or any of the Restricted Subsidiaries after the Closing Date less (y) the aggregate amount of all cash payments made in respect of any promissory notes pursuant to this Section 7.03(j) after the Closing Date with the net cash proceeds described in preceding clause (x) (2) less (z) the aggregate amount of all Restricted Payments made after the Closing Date in reliance on the last proviso appearing in Section 7.06(g);

(k) Indebtedness incurred by the Borrower or any of the Restricted Subsidiaries in a Permitted Acquisition, any other Investment expressly permitted hereunder or any Disposition, in any such case solely constituting indemnification obligations or obligations in respect of purchase price or other similar adjustments;

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(l) Indebtedness consisting of obligations of the Borrower or the Restricted Subsidiaries under deferred compensation or other similar arrangements incurred by such Person in connection with the Transaction and Permitted Acquisitions or any other Investment expressly permitted hereunder;

(m) Cash Management Obligations and other Indebtedness in respect of netting services, overdraft protections and similar arrangements in each case in connection with deposit accounts;

(n) Indebtedness of the Borrower or any of the Restricted Subsidiaries in an aggregate principal amount not to exceed the greater of (i) \$100,000,000 and (y) 5.25% of Total Assets at any time outstanding; provided, however, that the aggregate principal amount of Indebtedness of Non-Loan Parties incurred pursuant to this clause (n) outstanding at any time shall not exceed the Permitted Non-Loan Party Indebtedness Amount;

(o) Indebtedness consisting of (a) the financing of insurance premiums or (b) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(p) Indebtedness incurred by the Borrower or any of the Restricted Subsidiaries in respect of letters of credit, bank guarantees, bankers' acceptances or similar instruments issued or created in the ordinary course of business, including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims; provided that any reimbursement obligations in respect thereof are reimbursed within 30 days following the incurrence thereof;

(q) obligations in respect of performance, bid, stay, custom, appeal and surety bonds and other obligations of a like nature and performance and completion guarantees and similar obligations provided by the Borrower or any of the 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 practices;

(r) [Reserved];

(s) Indebtedness of the Borrower or any of the Restricted Subsidiaries supported by a Letter of Credit, in a principal amount not to exceed the face amount of such Letter of Credit;

(t) [Reserved];

(u) (A) Indebtedness of the Borrower or any of the Subsidiary Guarantors (which Indebtedness (I) may rank *pari passu* or junior in right of security with the Obligations and (II) shall be *pari passu* in right of payment to the Obligations) that is incurred or issued or made in lieu of Incremental Term Commitments (the "**Incremental Equivalent Debt**"); provided that (i) the aggregate principal amount of all Incremental Equivalent Debt issued pursuant to this Section 7.03(u)(A) shall not, together with any Incremental Revolving Credit Commitments and/or Incremental Term Commitments exceed the Available Incremental Amount, (ii) no Event of Default shall have occurred and be continuing or would exist immediately after giving effect to such incurrence, (iii) as of the date of determination, any

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Incremental Equivalent Debt shall not mature earlier than the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness, (iv) the documentation with respect to any such Incremental Equivalent Debt in the form of notes contains no mandatory prepayment, repurchase or redemption provisions prior to the Latest Maturity Date with respect to Term Loans at the time of incurrence of such Indebtedness, except with respect to change of control, asset sale and event of loss mandatory offers to purchase or mandatory prepayments and customary acceleration rights after an event of default, (v) such Incremental Equivalent Debt shall not be subject to any Guarantee by any Person other than a Loan Party, (vi) such Incremental Equivalent Debt shall not be secured by any Lien on any asset of Holdings, the Borrower or any Restricted Subsidiary other than any asset constituting Collateral, (vii) the security agreements relating to such Incremental Equivalent Debt shall be substantially the same as the Collateral Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (viii) if such Incremental Equivalent Debt is (a) secured on a *pari passu* basis with the Obligations, then such Incremental Equivalent Debt shall be subject to a First Lien Intercreditor Agreement or (b) secured on a junior basis to the Obligations, then such Incremental Equivalent Debt shall be subject to a Second Lien Intercreditor Agreement, and (ix) the documentation with respect to any Incremental Equivalent Debt shall contain terms and conditions (other than with respect to pricing, fees, premiums and optional prepayment or redemption terms) not materially more restrictive (taken as a whole) in respect of the Borrower and the Restricted Subsidiaries than those set forth in this Agreement (except for covenants or other provisions applicable only to periods after the Latest Maturity Date at the time of incurrence of such Indebtedness); provided, however, that such Incremental Equivalent Debt may be incurred in the form of a customary “bridge” or other interim credit facility intended to be refinanced or replaced with long-term indebtedness which does not satisfy the requirements of clauses (iii), (iv) and (ix) above so long as, subject to customary conditions, it would either be automatically converted into or required to be exchanged for permanent financing which satisfies the requirements of clauses (iii), (iv) and (ix) above and (B) any Permitted Refinancing of any of the foregoing;

(v) any Credit Agreement Refinancing Indebtedness and any Permitted Refinancing of any of the foregoing;

(w) unsecured Indebtedness of the Borrower or any Restricted Subsidiary in an aggregate principal amount not to exceed the amount of Net Cash Proceeds of issuances of, or contributions in respect of, Equity Interests of Holdings (other than proceeds which have been designated as a Cure Amount and proceeds of issuances of Disqualified Equity Interests) after the Closing Date to the extent that such Net Cash Proceeds shall have been actually received by the Borrower (through a capital contribution of such Net Cash Proceeds by Holdings to the Borrower) on or prior to such date of determination and to the extent not used to make payments under Section 7.03(j), make Investments pursuant to Section 7.02(v), make Restricted Payments pursuant to Section 7.06(g) or (n), or count towards the Cumulative Growth Amount; provided, that (i) as of the date of determination, such Indebtedness will not mature prior to the date that is ninety-one (91) days after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness, (ii) the documentation for such Indebtedness contains no mandatory prepayment, repurchase or redemption provisions prior to the date this is ninety-one (91) days after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness, except with respect to change of control, asset sale and casualty event mandatory offers to purchase or mandatory prepayments and customary acceleration rights after an event of default, (iii) no Event of Default shall have occurred and be continuing or would exist immediately after giving effect to such incurrence and (iv) the documentation with respect to any such Indebtedness shall contain

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terms and conditions (other than with respect to pricing, fees, premiums and optional prepayment or redemption terms) not materially more restrictive (taken as a whole) in respect of the Borrower and the Restricted Subsidiaries than those set forth in this Agreement (except for covenants or other provisions applicable only to periods after the Latest Maturity Date with respect to the Term Loans at the time of incurrence of such Indebtedness); provided such Indebtedness may be incurred in the form of a customary “bridge” or other interim credit facility intended to be refinanced or replaced with long-term indebtedness which does not satisfy the requirements of clauses (i), (ii) and (iv) above so long as, subject to customary conditions, it would either be automatically converted into or required to be exchanged for permanent financing which satisfies the requirements of clauses (i), (ii) and (iv) above; provided, further, that the aggregate principal amount of Indebtedness of Non-Loan Parties pursuant to this clause (w) outstanding at any time shall not exceed the Permitted Non-Loan Party Indebtedness Amount;

(x) Indebtedness of any Foreign Subsidiaries in an aggregate principal amount pursuant to this clause (x) outstanding at any time not to exceed the lesser of (i) the Permitted Non-Loan Party Indebtedness Amount and (ii) the greater of (A) \$50,000,000 and (B) 2.75% of Total Assets;

(y) so long as no Event of Default exists or would result therefrom, (i) any Permitted Ratio Debt; provided that the aggregate principal amount of Indebtedness of Non-Loan Parties pursuant to this clause (y)(i) outstanding at any time shall not exceed the Permitted Non-Loan Party Indebtedness Amount and (ii) any Permitted Refinancing of any of the foregoing; and

(z) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (y) above.

For purposes of determining compliance with Section 7.03, in the event that an item of Indebtedness (or any portion thereof) at any time, whether at the time of incurrence or upon the application of all or a portion of the proceeds thereof or subsequently, meets the criteria of more than one of the categories of permitted Indebtedness described in Section 7.03(a) through (z) above, the Borrower, in its sole discretion, will classify and may subsequently reclassify such item of Indebtedness (or any portion thereof) in any one or more of the types of Indebtedness described in Section 7.03(a) through (z) and will only be required to include the amount and type of such Indebtedness in such of the above clauses as determined by the Borrower at such time. The Borrower will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Section 7.03(a) through (z). Notwithstanding the foregoing, Indebtedness incurred (a) under the Loan Documents, any Incremental Commitments and any Incremental Loans shall only be classified as incurred under Section 7.03(a), (b) as Credit Agreement Refinancing Indebtedness shall only be classified as incurred under Section 7.03(v) and (c) as Incremental Equivalent Debt shall only be classified as incurred under Section 7.03(u).

For purposes of determining compliance with any Dollar-denominated restriction on the creation, incurrence, assumption or existence of Indebtedness, the Dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed or first incurred (whichever yields the lower Dollar equivalent), in the case of revolving credit debt; provided that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant

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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 does not exceed (i) the principal amount of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

For purposes of determining compliance with any restriction on the creation, incurrence, assumption or existence of Indebtedness determined by reference to the Permitted Non-Loan Party Indebtedness Amount, the Permitted Non-Loan Party Indebtedness Amount shall be calculated at the time of incurrence of such Indebtedness; provided that if such Indebtedness is incurred to refinance other Indebtedness of any Non-Loan Party under Sections 7.03(h)(B), (n), (w), (x) and (y)(i) or, with respect to Guarantees by any Non-Loan Party of Indebtedness of the Borrower or any Subsidiary Guarantor, Indebtedness of the Borrower or any Subsidiary Guarantor under Sections 7.03(h)(B), (n), (u), (w), (x) and (y)(i), and such refinancing would cause the Permitted Non-Loan Party Indebtedness Amount to be exceeded if calculated on the date of such refinancing, the Permitted Non-Loan Party Indebtedness Amount shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the principal amount of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

The 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 as the case may be, of the same class, accretion or amortization of original issue discount and increases in the amount of Indebtedness solely as a result of fluctuations in the exchange rate of currencies, will, in each case, not be deemed to be an incurrence of Indebtedness for purposes of this Section 7.03. The principal amount of any non-interest bearing Indebtedness or other discount security constituting Indebtedness at any date shall be the principal amount thereof that would be shown on a balance sheet of the Borrower dated such date prepared in accordance with GAAP.

Section 7.04. Fundamental Changes. Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of related transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that:

(a) any Restricted Subsidiary may merge with (i) the Borrower (including a merger, the sole purpose of which is to reorganize the Borrower into a new jurisdiction); provided, that (x) the Borrower shall be the continuing or surviving Person and (y) such merger does not result in the Borrower ceasing to be incorporated under the Laws of the United States, any state thereof or the District of Columbia, or (ii) any one or more other Restricted Subsidiaries; provided that when any Restricted Subsidiary that is a Loan Party is merging with another Restricted Subsidiary, a Loan Party shall be the continuing or surviving Person, unless the Investment made in connection with a Loan Party merging with a Non-Loan Party shall otherwise be permitted by Section 7.02;

(b) (i) any Restricted Subsidiary that is not a Loan Party may merge or consolidate with or into any other Restricted Subsidiary that is not a Loan Party and (ii) any Restricted Subsidiary may liquidate or dissolve or change its legal form (subject, (x) in the case of any change of legal form, to any such Restricted Subsidiary that is a Guarantor remaining a Guarantor and (y) in the case of a liquidation or distribution of a Loan Party, the assets of such Loan Party

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are transferred to a Loan Party and the security interests of the Collateral Agent in the assets so transferred remain perfected at least to the same extent that such security interests were perfected immediately prior thereto) if the Borrower determines in good faith that such action is in the best interests of the Borrower and its Subsidiaries and such change is not materially disadvantageous to the Lenders;

(c) any Restricted Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Borrower or to another Restricted Subsidiary; provided that if the transferor in such a transaction is a Guarantor, then (i) the transferee must either be the Borrower or a Guarantor or (ii) to the extent constituting an Investment, such Investment must be a permitted Investment in or Indebtedness of a Restricted Subsidiary which is not a Loan Party in accordance with Sections 7.02 and 7.03, respectively;

(d) so long as no Default exists or would result therefrom, the Borrower may merge or consolidate with any other Person; provided that (i) the Borrower shall be the continuing or surviving corporation or (ii) if the Person formed by or surviving any such merger or consolidation is not the Borrower (any such Person, the "Successor Company"), (A) the Successor Company shall be an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia, (B) the Successor Company shall expressly assume all the obligations of the Borrower under this Agreement and the other Loan Documents to which the Borrower is a party pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent and shall satisfy the Collateral and Guarantee Requirement, (C) each Guarantor, unless it is the other party to such merger or consolidation, shall have by a supplement to the Guaranty confirmed that its Guarantee shall apply to the Successor Company's obligations under this Agreement, (D) each Guarantor, unless it is the other party to such merger or consolidation, shall have by a supplement to the Security Agreement confirmed that its obligations thereunder shall apply to the Successor Company's obligations under this Agreement, (E) each mortgagor of a Mortgaged Property, unless it is the other party to such merger or consolidation, shall have by an amendment to or restatement of the applicable Mortgage confirmed that its obligations thereunder shall apply to the Successor Company's obligations under this Agreement, and (F) the Borrower shall have delivered to the Administrative Agent an officer's certificate and an opinion of counsel, each stating that such merger or consolidation and such supplement to this Agreement or any Collateral Document comply with this Agreement; provided, further that if the foregoing are satisfied, the Successor Company will succeed to, and be substituted for, the Borrower under this Agreement;

(e) so long as no Event of Default exists or would result therefrom, any Restricted Subsidiary may merge with any other Person in order to effect an Investment permitted pursuant to Section 7.02; provided that the continuing or surviving Person shall be a Restricted Subsidiary, which together with each of the Restricted Subsidiaries, shall have complied with the requirements of Section 6.11 to the extent required under the Collateral and Guarantee Requirement;

(f) [Reserved]; and

(g) so long as no Event of Default exists or would result therefrom, a merger, dissolution, liquidation, consolidation or Disposition, the purpose of which is to effect a Disposition permitted pursuant to Section 7.05.

Section 7.05. Dispositions. Make any Disposition, except:

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(a) (x) Dispositions of obsolete or worn out property and assets, whether now owned or hereafter acquired, in the ordinary course of business, (y) Dispositions of property or assets no longer used or useful in the conduct of the business of the Borrower and the Restricted Subsidiaries and (z) Dispositions to landlords of improvements made to leased real property pursuant to customary terms of leases entered into in the ordinary course of business;

(b) (i) Dispositions of inventory and other assets, in any case in the ordinary course of business and (ii) any Disposition of any property by any Person with an aggregate Fair Market Value of less than \$2,500,000 in any transaction or series of related transactions;

(c) Dispositions of property in the ordinary course of business to the extent that (x) such property is exchanged for credit against the purchase price of similar replacement property or (y) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(d) Dispositions of property to the Borrower or to a Restricted Subsidiary; provided that if the transferor of such property is the Borrower or a Guarantor, (i) the transferee thereof must either be a Guarantor or the Borrower or (ii) to the extent such transaction constitutes an Investment, such transaction is permitted under Section 7.02;

(e) Dispositions permitted by Sections 7.04 (other than Section 7.04(g)) and 7.06, Investments permitted by Section 7.02 and Liens permitted by Section 7.01;

(f) Dispositions contemplated on the Closing Date and set forth on Schedule 7.05(f);

(g) Dispositions of Cash Equivalents;

(h) Dispositions or discounts without recourse of accounts receivable in connection with the compromise or collection thereof and not as part of a financing transaction;

(i) (1) leases, subleases, licenses or sublicenses, in each case which do not materially interfere with the business of the Borrower and the Restricted Subsidiaries, taken as a whole; and (2) Dispositions of intellectual property that do not materially interfere with the business of the Borrower or any of the Restricted Subsidiaries;

(j) transfers of property subject to Casualty Events;

(k) Dispositions of property (including pursuant to sale-leaseback transactions); provided that (i) at the time of such Disposition (other than any such Disposition made pursuant to a legally binding commitment entered into at a time when no Event of Default has occurred and is continuing), no Event of Default shall have occurred and is continuing or would result from such Disposition and (ii) with respect to any Disposition (or series of related Dispositions) pursuant to this clause (k) for a purchase price in excess of \$5,000,000, the Borrower or a Restricted Subsidiary shall receive not less than 75% of such consideration in the form of cash or Cash Equivalents (in each case, free and clear of all Liens at the time received, other than nonconsensual Liens permitted by Section 7.01 and Liens permitted by Sections 7.01(a), 7.01(l), 7.01(bb), 7.01(cc), 7.01(dd) and clauses (i) and (ii) of Section 7.01(t)); provided,

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however, that for the purposes of this clause (ii), (A) any liabilities (as shown on the Borrower's or such Restricted Subsidiary's most recent balance sheet provided hereunder or in the footnotes thereto) of the Borrower or such Restricted Subsidiary (other than liabilities that are by their terms subordinated to the payment in cash of the Obligations) that are assumed by the transferee with respect to the applicable Disposition and for which the Borrower and all of the Restricted Subsidiaries shall have been validly released by all applicable creditors in writing, (B) any securities received by the Borrower or such Restricted Subsidiary from such transferee that are converted by the Borrower or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of the applicable Disposition, (C) any debt securities or other Indebtedness of the Borrower or any of the Restricted Subsidiaries received by the Borrower or such Restricted Subsidiary and (D) any Designated Non-Cash Consideration received by the Borrower or such Restricted Subsidiary in respect of such Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (D) that is at that time outstanding, not in excess of the greater of (1) \$30,000,000 and (2) 1.50% of Total Assets, with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value, shall be deemed to be cash;

(l) [Reserved];

(m) 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;

(n) [Reserved];

(o) Dispositions of any Equity Interests of: (i) any Unrestricted Subsidiaries or (ii) any Restricted Subsidiary acquired in a Permitted Acquisition or a permitted Investment, in either case to the extent such Disposition pursuant to this clause (ii) is made pursuant to a legally binding agreement at the time such Person becomes a Restricted Subsidiary;

(p) to the extent allowable under Section 1031 of the Code (or comparable or successor provision), any exchange of like property (excluding any boot thereon permitted by such provision) for use in any business conducted by the Borrower or any of the Restricted Subsidiaries that is not in contravention of Section 7.07;

(q) the unwinding of any Swap Contract;

(r) any swap of assets (other than Cash Equivalents) in exchange for assets of the same type in the ordinary course of business of comparable or greater value or usefulness to the business of the Borrower and the Restricted Subsidiaries taken as a whole, as determined in good faith by the management of the Borrower; and

(s) Dispositions of non-core assets acquired in connection with any Permitted Acquisition or any other acquisition or Investment permitted under this Agreement; provided that (i) such Dispositions do not exceed 25% of the Fair Market Value (determined at the time of acquisition or Investment) of the aggregate assets acquired in such

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acquisition or Investment and (ii) such Disposition is completed within 12 months of such acquisition or Investment (or 18 months if a legally binding commitment to effect such Disposition is entered into within 12 months of such acquisition or Investment);

provided that any Disposition of any property pursuant to this Section 7.05 (except pursuant to Sections 7.05(a)(y), (a)(z), (d), (e), (f), (h), (j), (m), (o) and (q)), shall be for no less than the Fair Market Value of such property at the time of such Disposition. To the extent any Collateral is Disposed of as expressly permitted by this Section 7.05 to any Person other than the Borrower or any Subsidiary Guarantor, such Collateral shall be sold free and clear of the Liens created by the Loan Documents, and the Administrative Agent or the Collateral Agent, as applicable, shall be authorized to take any actions deemed appropriate in order to effect the foregoing

Section 7.06. Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, except:

(a) each Restricted Subsidiary may make Restricted Payments to the Borrower and to other Restricted Subsidiaries (and, in the case of a Restricted Payment by a non-wholly owned Restricted Subsidiary, to the Borrower and any other Restricted Subsidiary and to each other owner of Equity Interests of such Restricted Subsidiary based on their relative ownership interests of the relevant class of Equity Interests);

(b) the Borrower may declare and make dividend payments or other distributions payable solely in the Equity Interests (other than Disqualified Equity Interests not otherwise permitted by Section 7.03) of the Borrower;

(c) from and after the date the Borrower delivers an irrevocable written notice to the Administrative Agent stating that the Borrower will make Restricted Payments to Holdings that are used by Holdings (or any direct or indirect parent thereof) solely to fund (i) the payment of any “AHYDO catch up payment” and (ii) cash interest payments to be made by Holdings (or any direct or indirect parent thereof) with respect to Indebtedness incurred by Holdings (or any direct or indirect parent thereof) after the Closing Date (in the case of clauses (i) and (ii), the “**Holdings Restricted Payments Election**”), the Borrower may make such Restricted Payments to Holdings in each case so long as (1) no Event of Default shall have occurred and be continuing or would result therefrom and (2) immediately after giving effect to such Restricted Payment, the Borrower and the Restricted Subsidiaries shall be in Pro Forma Compliance with an Interest Coverage Ratio of at least 2.00:1.00 for the Test Period most recently ended and evidenced by a certificate from the chief financial officer of the Borrower demonstrating such compliance calculation in reasonable detail;

(d) [Reserved];

(e) to the extent constituting Restricted Payments, the Borrower and the Restricted Subsidiaries may enter into and consummate transactions expressly permitted by any provision of Sections 7.02, 7.04 or 7.08 (other than Sections 7.08(d) and (e));

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(f) repurchases of Equity Interests in the Borrower or any Restricted Subsidiary deemed to occur upon exercise of stock options or warrants or the settlement or vesting of other equity awards if such Equity Interests represent a portion of the exercise price of, or tax withholdings with respect to, such options or warrants;

(g) the Borrower may (i) pay (or make Restricted Payments to allow Holdings or any direct or indirect parent thereof to pay) for the repurchase, retirement or other acquisition or retirement for value of Equity Interests of Holdings (or any direct or indirect parent thereof) by any future, present or former employee, consultant or director of the Borrower (or Holdings or any direct or indirect parent of Holdings) or any of its Subsidiaries or (ii) make Restricted Payments in the form of distributions to allow any direct or indirect parent of Holdings to pay principal or interest on promissory notes that were issued to any future, present or former employee, consultant or director of the Borrower (or Holdings or any direct or indirect parent of Holdings) or any of its Subsidiaries in lieu of cash payments for the repurchase, retirement or other acquisition or retirement for value of such Equity Interests held by such Persons, in each case, pursuant to any employee or director equity plan, employee or director stock option plan or any other employee or director benefit plan or any agreement (including any stock subscription or shareholder agreement) or arrangement with any employee, consultant or director of the Borrower (or Holdings or any direct or indirect parent of Holdings) or any of its Subsidiaries; provided that the aggregate amount of Restricted Payments made pursuant to this clause (g) in any calendar year, when combined with the aggregate amount of all cash payments (whether principal or interest) made by the Loan Parties in respect of any promissory notes pursuant to Section 7.03(j) in such calendar year, shall not exceed \$25,000,000, provided that any unused amounts in any calendar year may be carried over to succeeding calendar years and shall increase the preceding amount; provided that any cancellation of Indebtedness owing to the Borrower in connection with and as consideration for a repurchase of Equity Interests of Holdings (or any of its direct or indirect parents) shall not be deemed to constitute a Restricted Payment for purposes of this clause (g); provided, further, that such amount in any calendar year may be increased by an amount not to exceed the remainder of (x) the sum of (1) the amount of Net Cash Proceeds of issuances of Equity Interests (other than issuances of Equity Interests made pursuant to Section 8.05 and proceeds from the issuance of Disqualified Equity Interests) to the extent that such Net Cash Proceeds shall have been actually received by the Borrower through a capital contribution of such Net Cash Proceeds by Holdings (and to the extent not used to make an Investment pursuant to Section 7.02(o) or (v), a payment pursuant to Section 7.03(j), a prepayment of Junior Financings pursuant to Section 7.13(a)(v) or a Restricted Payment pursuant to Section 7.06(g), (j) or (n)), in each case to employees, directors, officers, members of management or consultants of Holdings (or any direct or indirect parent of Holdings) or of its Subsidiaries that occurs after the Closing Date plus (2) the net cash proceeds of key man life insurance policies received by Holdings, the Borrower or any of the Restricted Subsidiaries after the Closing Date less (y) the aggregate amount of all Restricted Payments made after the Closing Date with the net cash proceeds described in preceding clause (x)(2) less (z) the aggregate amount of all cash payments made in respect of any promissory notes pursuant to Section 7.03(j) after the Closing Date in reliance on the last proviso appearing in Section 7.03(j);

(h) the Borrower and the Restricted Subsidiaries may make Restricted Payments to Holdings or to any direct or indirect parent company of Holdings:

(i) the proceeds of which will be used to pay the amount any such Person would be required to pay in respect of Income Taxes attributable to the income of such Person and its Subsidiaries, including the

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Borrower and the Restricted Subsidiaries; provided, however, any such payments in respect of any tax year to any direct or indirect parent of Holdings shall not exceed the Income Taxes or the income of such Person that is attributable to Holdings and its Subsidiaries;

(ii) the proceeds of which shall be used by such Person to pay (A) its operating expenses incurred in the ordinary course of business, (B) other overhead costs and expenses (including administrative, legal, accounting and similar expenses provided by third parties) which are reasonable and customary and incurred in the ordinary course of business and (C) salary, bonus, severance, indemnification obligations and other compensation or benefits payable to officers, directors, employees and consultants of Holdings (or any direct or indirect parent thereof);

(iii) the proceeds of which shall be used by such Person to pay (A) franchise taxes and other fees, taxes and expenses required to maintain its (or any of its direct or indirect parents') legal existence or (B) costs and expenses incurred by it or any of its direct or indirect parents in connection with such entity being a public company, including costs and expenses relating to ongoing compliance with federal and state securities laws and regulations, SEC rules and regulations and the Sarbanes-Oxley Act of 2002;

(iv) [Reserved];

(v) to finance any Investment permitted to be made pursuant to Section 7.02 (other than clause (e) thereof); provided that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (B) such Person shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interest) to be contributed to the Borrower or the Restricted Subsidiaries or (2) the merger (to the extent permitted in Section 7.04) of the Person formed or acquired into the Borrower or the Restricted Subsidiaries in order to consummate such Permitted Acquisition, in each case, in accordance with the requirements of Section 6.11; and

(vi) the proceeds of which shall be used by such Person to pay fees and expenses (other than to Affiliates) related to any unsuccessful equity or debt offering permitted by this Agreement;

(i) so long as (i) no Event of Default shall have occurred and be continuing or would result therefrom and (ii) immediately after giving effect to such Restricted Payment, the Borrower and the Restricted Subsidiaries shall be in Pro Forma Compliance with the Financial Covenant, the Borrower may make additional Restricted Payments from and after the Amendment and Restatement Effective Date in an aggregate amount, together with the aggregate amount of (1) loans and advances to Holdings made from and after the Amendment and Restatement Effective Date pursuant to Section 7.02(m) in lieu of Restricted Payments permitted by this Section 7.06(i) and (2) the aggregate amount of payments made from and after the Amendment and Restatement Effective Date pursuant to Section 7.13(a)(iv), not to exceed the greater of (A) \$100,000,000 and (B) 5.00% of Total Assets;

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(j) so long as no Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may make additional Restricted Payments from and after the Amendment and Restatement Effective Date in an amount not to exceed the Cumulative Growth Amount immediately prior to the making of such Restricted Payment;

(k) cash payments, dividends or distributions to any direct or indirect parent of the Borrower to make cash payments, in lieu of the issuance of fractional shares or interests in connection with the exercise of warrants, options or other rights or securities convertible into or exchangeable for Equity Interests of Borrower, any of the Restricted Subsidiaries or any direct or indirect parent of the Borrower; provided, that any such cash payment shall not be for the purpose of evading the limitation of this covenant (as determined in good faith by the board of directors of the Borrower);

(l) [Reserved];

(m) so long as (i) no Event of Default shall have occurred and be continuing or would result therefrom and (ii) the Total Net Leverage Ratio (determined on a Pro Forma Basis) for the Borrower's most recently ended Test Period is not greater than 5.50 to 1.00, the Borrower may make Restricted Payments to Holdings to fund the redemption, discharge, repurchase or retirement of any Indebtedness of Holdings (or any direct or indirect parent thereof) incurred after the Closing Date with the proceeds of any Permitted Holdings Refinancing Debt;

(n) so long as no Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may make additional Restricted Payments with the proceeds of Excluded Contributions; and

(o) the Borrower may make Restricted Payments so long as immediately after giving effect to such Restricted Payment and the application of proceeds therefrom, the Total Net Leverage Ratio is less than or equal to 3.50 to 1.00 (calculated on a Pro Forma Basis).

Section 7.07. Change in Nature of Business. Engage in any material line of business substantially different from those lines of business conducted by the Borrower or any of the Restricted Subsidiaries on the Closing Date or any business or any other activities that are reasonably similar, ancillary, incidental, complementary or related to, or a reasonable extension, development or expansion of, the businesses conducted or proposed to be conducted by the Borrower or any of the Restricted Subsidiaries on the Closing Date.

Section 7.08. Transactions with Affiliates. Enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than (a) transactions among Loan Parties or any Restricted Subsidiary or any entity that becomes a Restricted Subsidiary as a result of such transaction in each case to the extent that such transactions are not otherwise prohibited by this Agreement, (b) on terms substantially as favorable to the Borrower or such Restricted Subsidiary as would be obtainable by the Borrower or such Restricted Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate, (c) consummation of the Transaction, including the payment of Transaction Expenses, (d) Restricted Payments permitted under Section 7.06, (e) loans and other transactions by the Borrower and the Restricted Subsidiaries to the extent permitted under this Article VII, (f) employment, consulting and severance arrangements

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between the Borrower and the Restricted Subsidiaries and their respective officers and employees in the ordinary course of business and transactions pursuant to stock option plans, employee or director benefit plans and arrangements and similar plans, agreements or arrangements, (g) payments by the Borrower and the Restricted Subsidiaries pursuant to the tax sharing agreements among Holdings (and any such direct or indirect parent thereof), the Borrower and the Restricted Subsidiaries on customary terms to the extent attributable to the ownership or operations of the Borrower and the Restricted Subsidiaries, (h) the payment of customary fees and reasonable out of pocket costs and expenses to, and indemnities provided on behalf of, directors, officers, consultants and employees of Holdings, the Borrower and the Restricted Subsidiaries in the ordinary course of business to the extent attributable to the ownership or operation of the Borrower and the Restricted Subsidiaries, (i) transactions pursuant to permitted agreements in existence on the Closing Date and set forth on Schedule 7.08 or any amendment thereto or replacement thereof to the extent such an amendment or replacement is not adverse to the Lenders in any material respect, (j) the payment of indemnities and expenses to the Sponsor pursuant to the Sponsor Management Agreement, (k) customary payments by the Borrower and any of the Restricted Subsidiaries to the Sponsor made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities (including in connection with acquisitions or divestitures), which payments are approved by the majority of the members of the board of directors or a majority of the disinterested members of the board of directors of the Borrower in good faith, (l) transactions with suppliers, joint venture partners or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement which are fair to Holdings, the Borrower and the Restricted Subsidiaries, in the reasonable determination of the board of directors of the Borrower or the senior management thereof, or are on terms at least as favorable as would reasonably have been obtained at such time from an unaffiliated party, and (m) transactions in which Holdings, the Borrower or any of the Restricted Subsidiaries, as the case may be, delivers to the Administrative Agent a letter from an Independent Financial Advisor stating that such transaction is fair to the Borrower or such Restricted Subsidiary from a financial point of view or meets the requirements of Section 7.08(b).

Section 7.09. Burdensome Agreements. Enter into or permit to exist any Contractual Obligation (other than this Agreement or any other Loan Document) that limits the ability of (a) any Restricted Subsidiary that is not a Guarantor to make Restricted Payments, intercompany loans or other advances to the Borrower or any Guarantor or (b) the Borrower or any Loan Party to create, incur, assume or suffer to exist Liens on property of such Person for the benefit of the Secured Parties with respect to the Facilities and the Obligations or under the Loan Documents; provided that the foregoing clauses (a) and (b) shall not apply to Contractual Obligations which (i) (x) exist on the Closing Date and (to the extent not otherwise permitted by this Section 7.09) are listed on Schedule 7.09 and (y) to the extent Contractual Obligations permitted by preceding clause (x) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any permitted modification, replacement, renewal, extension or refinancing of such Indebtedness so long as such modification, replacement, renewal, extension or refinancing does not expand the scope of such Contractual Obligation in any material respect, (ii) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary, so long as such Contractual Obligations were not entered into solely in contemplation of such Person becoming a Restricted Subsidiary; provided, further, that this clause (ii) shall not apply to Contractual Obligations that are binding on a Person that becomes a Restricted Subsidiary pursuant to Section 6.14, (iii) represent Indebtedness of a Restricted Subsidiary which is not a Loan Party which is permitted by Section 7.03, (iv) are customary restrictions that arise in connection with (x) any Lien permitted by Sections 7.01(b), (i) (j), (l), (m), (p), (s), (t)(i), (t)(ii), (u) and (z) and relate to the property subject to such Lien or (y) any Disposition permitted by Section 7.05 applicable pending such Disposition solely to the assets subject to such Disposition, (v) are customary provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted under Section 7.02 and applicable

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solely to such joint venture, (vi) are negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 7.03 but solely to the extent any negative pledge relates to the property financed by or the subject of such Indebtedness, (vii) are customary restrictions in leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions relate to property interests, rights or the assets subject thereto, (viii) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 7.03(e), (h)(A) or (x) to the extent that such restrictions apply only to the property or assets securing such Indebtedness or, in the case of Indebtedness incurred pursuant to Section 7.03(h)(A) only, to the Restricted Subsidiaries incurring or guaranteeing such Indebtedness, (ix) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or any Restricted Subsidiary, (x) are customary provisions restricting assignment of any agreement entered into in the ordinary course of business, (xi) are restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business, (xii) arise in connection with cash or other deposits permitted under Section 7.01 or 7.02, and limited to such cash or deposits; and (xiii) comprise restrictions imposed by any agreement governing Indebtedness entered into after the Closing Date and permitted under Section 7.03 that are, taken as a whole, in the good faith judgment of the Borrower, no more restrictive with respect to the Borrower or any Restricted Subsidiary than customary market terms for Indebtedness of such type (and, in any event, are no more restrictive than the restrictions contained in this Agreement), so long as the Borrower shall have determined in good faith that such restrictions will not affect its obligations or ability to make any payments required hereunder.

Section 7.10. Reserved.

Section 7.11. Financial Covenant. Upon each Compliance Event, permit the Consolidated First Lien Net Leverage Ratio as of the last day of the most recent Test Period to be greater than the ratio set forth below in respect of the last day of such Test Period set forth below (the "Financial Covenant"):

Fiscal Year	March 31	June 30	September 30	December 31
2013	N/A	5.75:1.00	5.75:1.00	5.75:1.00
2014	5.75:1.00	5.75:1.00	5.75:1.00	5.75:1.00
2015	5.50:1.00	5.50:1.00	5.50:1.00	5.50:1.00
2016	5.25:1.00	5.25:1.00	5.25:1.00	5.25:1.00
2017	5.00:1.00	5.00:1.00	5.00:1.00	5.00:1.00
2018	4.75:1.00	4.75:1.00	4.75:1.00	4.75:1.00
Thereafter	4.75:1.00	4.75:1.00	4.75:1.00	4.75:1.00

The provisions of this Section 7.11 are for the benefit of the Revolving Credit Lenders only and the Required Facility Lenders may amend, waive or otherwise modify this Section 7.11 or the defined terms used solely for purposes of this Section 7.11 or waive any Default resulting from a breach of this Section 7.11 without the consent of any Lenders other than the Required Facility Lenders in accordance with the provisions of Section 10.01(j).

Section 7.12. Accounting Changes. Make any change in fiscal quarter or fiscal year; provided, however, that the Borrower may, upon written notice to the Administrative Agent, change its fiscal quarter or fiscal year to any other fiscal quarter or fiscal year reasonably acceptable to the Administrative Agent, in which case, the Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary to reflect such change in fiscal quarter or fiscal year.

Section 7.13. Prepayments, Etc. of Indebtedness. (a) Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner (it being understood that payments of regularly scheduled principal (to the extent permitted hereunder) and interest shall be permitted) any Indebtedness for borrowed money of a Loan Party that is expressly by its terms subordinated to the Obligations in right of payment (all of the foregoing items of Indebtedness, collectively, "**Junior Financing**"), except (i) the refinancing or replacement thereof with any Indebtedness that constitutes a Permitted Refinancing; provided, that such Indebtedness shall be subordinated to the Obligations in right of payment on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being refinanced or replaced, taken as a whole, (ii) the conversion or exchange of any Junior Financing to Equity Interests (other than Disqualified Equity Interests) of Holdings or any of its direct or indirect parents, (iii) the prepayment of Indebtedness of the Borrower or any Restricted Subsidiary to the Borrower or any Restricted Subsidiary to the extent permitted by the subordination provisions contained in the Intercompany Note, (iv) prepayments, redemptions, purchases, defeasances and other payments in respect of Junior Financings prior to their scheduled maturity in an aggregate amount, together with the aggregate amount of (1) Restricted Payments made pursuant to Section 7.06(i) and (2) loans and advances to Holdings made pursuant to Section 7.02(m) in lieu of Restricted Payments permitted by Section 7.06(i), not to exceed, from and after the Amendment and Restatement Effective Date, the greater of (i) \$100,000,000 and (ii) 5.00% of Total Assets, (v) prepayments, redemptions, purchases, defeasances and other payments after the Amendment and Restatement Effective Date in respect of the Junior Financings prior to their scheduled maturity in an aggregate amount not to exceed the Cumulative Growth Amount immediately prior to the making of such payment and (vi) prepayments, redemptions, purchases, defeasances and other payments in respect of the Junior Financings prior to their scheduled maturity so long as immediately after giving effect to such prepayments, redemptions, purchases, defeasances and other payments and the application of proceeds therefrom, the Total Net Leverage Ratio of the Borrower is less than or equal to 3.50 to 1.00 (calculated on a Pro Forma Basis).

(b) Amend, modify or change in any manner materially adverse to the interests of the Lenders (other than by a Permitted Refinancing) any term or condition (including any subordination provisions) of any Junior Financing Documentation in respect of any Junior Financing having an aggregate outstanding principal amount in excess of the Threshold Amount without the consent of the Administrative Agent (which consent shall not be unreasonably withheld or delayed).

Section 7.14. Holding Company. With respect to Holdings, conduct, transact or otherwise engage in any material operating or business activities; provided that the following and any activities incidental thereto shall be permitted in any event: (i) its ownership of the Equity Interests of Borrower, including payment of dividends and other amounts in respect of its Equity Interests, (ii) the maintenance of its legal existence (including the ability to incur fees, costs and expenses relating to such maintenance), (iii) the performance of its obligations with respect to the Loan Documents, the Sponsor Management Agreement and any other agreement governing Indebtedness, (iv) any public offering of its common stock or any other issuance or sale of its Equity Interests, (v) financing activities, including the issuance of securities, incurrence of debt, incurrence of liens, payment of dividends, making contributions to the capital of the Borrower and guaranteeing the obligations of the Borrower to the extent not prohibited under this Agreement, (vi) participating in tax, accounting and other administrative matters (x) as a member of the Borrower, (y) as a member of any unitary, combined or similar group including Holdings and the Borrower, or (z) with respect to its own business and activities, (vii) holding any cash or property (but not operate any property) and (viii) providing indemnification to officers and directors.

## ARTICLE VIII

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Events of Default and Remedies

Section 8.01. Events of Default. Any of the following shall constitute an Event of Default:

(a) *Non-Payment*. The Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or (ii) within five (5) Business Days after the same becomes due, any interest on any Loan or any other amount payable hereunder or with respect to any other Loan Document; or

(b) *Specific Covenants*. Holdings or the Borrower fails to perform or observe any term, covenant or agreement contained in any of Sections 6.03(a), 6.05(a) (solely with respect to the Borrower) or Article VII; provided that the Borrower's failure to comply with the Financial Covenant shall not constitute an Event of Default with respect to any Term Loans or Term Commitments unless and until the Required Revolving Lenders for the Revolving Credit Facility shall have terminated their Revolving Credit Commitments and declared all amounts outstanding under the Revolving Credit Facility to be due and payable pursuant to Section 8.02; provided, further, that any Event of Default under Section 7.11 is subject to cure as contemplated by Section 8.05; or

(c) *Other Defaults*. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after notice thereof by the Administrative Agent to the Borrower; or

(d) *Representations and Warranties*. Any representation, warranty, certification or statement of fact made or deemed made by any Loan Party herein, in any other Loan Document, or in any document required to be delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(e) *Cross-Default*. Any Loan Party or any Restricted Subsidiary (A) fails to make any payment beyond the applicable grace period with respect thereto, if any (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness hereunder) having an aggregate outstanding principal amount of not less than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness having an aggregate outstanding principal amount of not less than the Threshold Amount, or any other event occurs (other than, with respect to Indebtedness consisting of Swap Contracts, termination events or equivalent events pursuant to the terms of such Swap Contracts), the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that this clause (e)(B) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder; and provided, further, in each case, that any such failure is unremedied and is not waived by the holders of such Indebtedness prior to any termination of the Commitments or acceleration of the Loans pursuant to Section 8.02; or

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(f) *Insolvency Proceedings, Etc.* Any Loan Party or any of the Restricted Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismitted or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding; or

(g) [Reserved]

(h) *Judgments.* (i) There is entered against any Loan Party or any Restricted Subsidiary one or more final judgments or orders for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied coverage) and such judgments or orders shall not have been satisfied, vacated, discharged or stayed or bonded pending an appeal for a period of sixty (60) consecutive days; or (ii) any writ or warrant of attachment or execution or similar process requiring payment of money in an aggregate amount exceeding the Threshold Amount is issued or levied against all or any material part of the property of the Loan Parties and the Restricted Subsidiaries, taken as a whole, and such writ or warrant shall not have been satisfied, vacated, discharged or stayed or bonded pending an appeal for a period of sixty (60) consecutive days; or

(i) *ERISA.* (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Loan Party in an aggregate amount which could reasonably be expected to result in a Material Adverse Effect, or (ii) any Loan Party or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount which could reasonably be expected to result in a Material Adverse Effect; or

(j) *Invalidity of Loan Documents.* Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder (including as a result of a transaction permitted under Section 7.04 or 7.05) or as a result of acts or omissions by the Administrative Agent or any Lender or the satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party contests in writing the validity or enforceability of any provision of any Loan Document; or any Loan Party denies in writing that it has any or further liability or obligation under any Loan Document (other than as a result of repayment in full of the Obligations and termination of the Aggregate Commitments), or purports in writing to revoke or rescind any Loan Document; or

(k) *Change of Control.* There occurs any Change of Control; or

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(l) *Collateral Documents.* Any Collateral Document after delivery thereof pursuant to Section 6.11 or 6.13 shall for any reason (other than pursuant to the terms thereof including as a result of a transaction permitted under Section 7.04 or 7.05) cease to create a valid and perfected lien, with the priority required by the Collateral Documents on and security interest in any material portion of the Collateral purported to be covered thereby, subject to Permitted Liens, except to the extent that any such loss of perfection or priority results from the failure of the Administrative Agent or the Collateral Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Documents or to file Uniform Commercial Code continuation statements and except as to Collateral consisting of real property to the extent that such losses are covered by a lender's title insurance policy and such insurer has not denied coverage.

Section 8.02. Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent may and, at the request of the Required Lenders, shall take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuers to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) require that the Borrower Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof);  
and

(d) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law;

provided that upon the occurrence of an actual or deemed entry of an Event of Default under Section 8.01(f) with respect to the Borrower, the obligation of each Lender to make Loans and any obligation of the L/C Issuers to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

Notwithstanding anything to the contrary, if the only Events of Default then having occurred and continuing are pursuant to a failure to observe the Financial Covenant, the Administrative Agent shall only take the actions set forth in this Section 8.02 at the request of the Required Revolving Lenders (as opposed to Required Lenders) under the Revolving Credit Facility.

Section 8.03. Exclusion of Immaterial Subsidiaries. Solely for the purpose of determining whether a Default has occurred under clause (f) of Section 8.01, any reference in such clause to any Restricted Subsidiary or Loan Party shall be deemed not to include any Immaterial Subsidiary (it being agreed that all Immaterial Subsidiaries affected by any

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event or circumstance referred to in any such clause shall be considered together, as a single consolidated Immaterial Subsidiary, for purposes of determining whether the condition specified above is satisfied).

Section 8.04. Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (other than principal and interest, but including Attorney Costs payable under Section 10.04 and amounts payable under Article III) payable to each of the Administrative Agent and the Collateral Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees (other than commitment fees, letter of credit fees and facility fees), indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs payable under Section 10.04 and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid commitment fees, letter of credit fees, facilities fees and interest on the Loans and L/C Borrowings, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings, the Obligations under Secured Hedge Agreements and the Cash Management Obligations, ratably among the Lenders and the other Secured Parties in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the L/C Issuers, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit;

Sixth, to the payment of all other Obligations of the Loan Parties that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by Law.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above and, if no Obligations remain outstanding, to the Borrower.

Section 8.05. Borrower's Right to Cure. (a) Notwithstanding anything to the contrary contained in Section 8.01 or Section 8.02, but subject to Sections 8.05(b) and (c), for the purpose of determining whether an Event of Default under

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the Financial Covenant has occurred, the Borrower may on one or more occasions designate any portion of the Net Cash Proceeds from a sale or issuance of Qualified Equity Interests or of any contribution to the common capital of the Borrower (or from any other contribution to capital or sale or issuance of any other Equity Interests on terms reasonably satisfactory to the Administrative Agent) (the "Cure Amount") as an increase to Consolidated EBITDA for the applicable fiscal quarter; provided that such amounts to be designated (i) are actually received by the Borrower (x) on or after the first Business Day of the applicable fiscal quarter and (y) on or prior to the twentieth (20th) day after the date on which financial statements are required to be delivered with respect to such applicable fiscal quarter (the "Cure Expiration Date"), (ii) do not exceed the maximum aggregate amount necessary to cure any Event of Default under the Financial Covenant as of such date and (iii) the Borrower shall have provided notice to the Administrative Agent on the date such amounts are designated as a "Cure Amount" (it being understood that to the extent such notice is provided in advance of delivery of a Compliance Certificate for the applicable period, the amount of such Net Cash Proceeds that is designated as the Cure Amount may be lower than specified in such notice to the extent that the amount necessary to cure any Event of Default under the Financial Covenant is less than the full amount of such originally designated amount). The Cure Amount used to calculate Consolidated EBITDA for one fiscal quarter shall be used and included when calculating Consolidated EBITDA for each Test Period that includes such fiscal quarter. The parties hereby acknowledge that this Section 8.05(a) may not be relied on for purposes of calculating any financial ratios other than as applicable to the Financial Covenant (and shall not be included for purposes of determining pricing, mandatory prepayments and the availability or amount permitted pursuant to any covenant under Article VII other than the Financial Covenant) and shall not result in any adjustment to any amounts (including the amount of Indebtedness) or increase in cash with respect to the quarter with respect to which such Cure Amount was made other than the amount of the Consolidated EBITDA referred to in the immediately preceding sentence. Notwithstanding anything to the contrary contained in Section 8.01 and Section 8.02, (A) upon designation of the Cure Amount by the Borrower, the Financial Covenant shall be deemed satisfied and complied with as of the end of the relevant fiscal quarter with the same effect as though there had been no failure to comply with the Financial Covenant and any Event of Default under the Financial Covenant (and any other Default as a result thereof) shall be deemed not to have occurred for purposes of the Loan Documents, and (B) neither the Administrative Agent nor any Lender may exercise any rights or remedies under Section 8.02 (or under any other Loan Document) on the basis of any actual or purported Event of Default under the Financial Covenant (and any other Default as a result thereof) until and unless the Cure Expiration Date has occurred without the Cure Amount having been received by the Borrower.

(b) Notwithstanding the provisions of Section 8.05(a), in each period of four consecutive fiscal quarters there shall be at least two (2) fiscal quarters in which no cure set forth in Section 8.05(a) is made.

(c) There can be no more than five (5) fiscal quarters in which the cure rights set forth in Section 8.05(a) are exercised during the term of the Revolving Credit Facility.

## ARTICLE IX

### Administrative Agent and Other Agents

Section 9.01. Appointment and Authorization of Agents. (a) Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall have

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no duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term “agent” herein and in the other Loan Documents with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and each such L/C Issuer shall have all of the benefits and immunities (i) provided to the Agents in this Article IX with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term “Agent” as used in this Article IX and in the definition of “Agent-Related Person” included such L/C Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to such L/C Issuer.

(c) The Administrative Agent shall also act as the “collateral agent” under the Loan Documents, and each of the Lenders (in its capacities as a Lender, Swing Line Lender (if applicable), L/C Issuer (if applicable) and a potential Hedge Bank or Cash Management Bank) hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of (and to hold any security interest created by the Collateral Documents for and on behalf of or on trust for) such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as “collateral agent” (and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.02 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of this Article IX (including, Section 9.07, as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents) as if set forth in full herein with respect thereto.

Section 9.02. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents or of exercising any rights and remedies thereunder) by or through agents, employees or attorneys-in-fact, such sub-agents as shall be deemed necessary by the Administrative Agent and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or sub-agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct (as determined in the final judgment of a court of competent jurisdiction).

Section 9.03. Liability of Agents. No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any Loan Party or any officer thereof, contained herein or in any other Loan Document or in any certificate, report, statement or other document referred to or provided

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for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or the perfection or priority of any Lien or security interest created or purported to be created under the Collateral Documents, or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or any Affiliate thereof.

Section 9.04. Reliance by Agents. (a) Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by such Agent. Each Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders (or such greater number of Lenders as may be expressly required hereby in any instance) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

(b) For purposes of determining compliance with the conditions specified in the Incremental and Amendment and Restatement Agreement, each Lender that has signed the Incremental and Amendment and Restatement Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Amendment and Restatement Effective Date specifying its objection thereto.

Section 9.05. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to any Event of Default as may be directed by the Required Lenders in accordance with Article VIII; provided that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default as it shall deem advisable or in the best interest of the Lenders.

Section 9.06. Credit Decision: Disclosure of Information by Agents. Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by any Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter,

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including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to each Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower and the other Loan Parties hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by any Agent herein, such Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Loan Parties or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

Section 9.07. Indemnification of Agents. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities resulting from such Agent-Related Person's own gross negligence, bad faith or willful misconduct, as determined by the final judgment of a court of competent jurisdiction; provided that no action taken in accordance with the directions of the Required Lenders (or such other number or percentage of the Lenders as shall be required by the Loan Documents) shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section 9.07. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Liabilities, this Section 9.07 applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower and without limiting the Borrower's obligation to do so. The undertaking in this Section 9.07 shall survive termination of the Aggregate Commitments, the payment of all other Obligations and the resignation of the Administrative Agent.

Section 9.08. Agents in their Individual Capacities. The Administrative Agent and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire Equity Interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Loan Parties and their respective Affiliates as though the Administrative Agent were not the Administrative Agent, the Swing Line Lender or an L/C Issuer hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, the Administrative Agent or its Affiliates may receive information regarding any Loan Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that the

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Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, the Administrative Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent, the Swing Line Lender or an L/C Issuer, and the terms “Lender” and “Lenders” include the Administrative Agent in its individual capacity.

Section 9.09. Successor Agents. The Administrative Agent may resign as the Administrative Agent upon ten (10) days’ notice to the Lenders and the Borrower. If the Administrative Agent is subject to an Agent-Related Distress Event, the Required Lenders may remove the Administrative Agent upon ten (10) days’ notice. Upon the resignation or removal of the Administrative Agent under this Agreement, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be consented to by the Borrower (which consent of the Borrower shall not be unreasonably withheld or delayed if such successor is a commercial bank with a combined capital and surplus of at least \$1,000,000,000 that can act as a withholding agent for U.S. federal income Tax purposes, and otherwise may be withheld at the Borrower’s sole discretion) at all times other than during the existence of an Event of Default under Section 8.01(a) or (f). If no successor agent is appointed by the Required Lenders prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Lenders and the Borrower, a successor agent from among the Lenders; provided, however, that if no successor agent has accepted appointment as the Administrative Agent by the date which is ten (10) days following the retiring Administrative Agent’s notice of resignation or the receipt by the Administrative Agent of the notice of removal referred to above, as applicable, the retiring Administrative Agent’s resignation or removal, as the case may be, shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. Upon the acceptance of its appointment as successor agent hereunder, the Person acting as such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term “Administrative Agent,” shall mean such successor administrative agent and/or supplemental administrative agent, as the case may be, and the retiring Administrative Agent’s appointment, powers and duties as the Administrative Agent shall be terminated. After the retiring Administrative Agent’s resignation or removal hereunder as the Administrative Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor and upon the execution and filing or recording of such financing statements, or amendments thereto, and such amendments or supplements to the Mortgages, and such other instruments or notices, as may be necessary or desirable, or as the Required Lenders may request, in order to (a) continue the perfection of the Liens granted or purported to be granted by the Collateral Documents or (b) otherwise ensure that the Collateral and Guarantee Requirement is satisfied, the Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges, and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent’s resignation or removal hereunder as the Administrative Agent, the provisions of this Article IX shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent.

Section 9.10. Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be

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due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.03(h) and (i), 2.10 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Administrative Agent under Sections 2.10 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 9.11. Collateral and Guaranty Matters. The Lenders irrevocably agree:

(a) that any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document shall be automatically released (i) upon termination of the Aggregate Commitments and payment in full of all Obligations (other than (x) obligations under Secured Hedge Agreements not yet due and payable, (y) Cash Management Obligations not yet due and payable and (z) contingent indemnification obligations not yet accrued and payable) and the expiration or termination of all Letters of Credit (or upon cash collateralization of all Letters of Credit in a manner and pursuant to arrangements reasonably satisfactory to the Administrative Agent or receipt of backstop letters of credit, in form and substance and from a financial institution, reasonably satisfactory to the Administrative Agent), (ii) at the time the property subject to such Lien is transferred or to be transferred as part of or in connection with any transfer permitted hereunder or under any other Loan Document to any Person other than Holdings, the Borrower or any other Guarantor (whether as a Disposition or Investment), (iii) subject to Section 10.01, if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders, or (iv) if the property subject to such Lien is owned by a Guarantor, upon release of such Guarantor from its obligations under its Guaranty pursuant to clause (c) below;

(b) to release or subordinate any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(i) or Section 7.01(p); and

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(c) that any Guarantor shall be automatically released from its obligations under the Guaranty if such Person ceases to be a Restricted Subsidiary as a result of a transaction or designation permitted hereunder (including as a result of a Guarantor being redesignated as an Unrestricted Subsidiary); provided that no such release shall occur if such Guarantor continues (after giving effect to the consummation of such transaction or designation) to be a guarantor in respect of any unsecured Indebtedness of the Borrower or any Subsidiary Guarantor or any Indebtedness of the Borrower or any Subsidiary Guarantor that is secured on a junior basis to the Obligations.

Upon request by the Administrative Agent at any time, the Required Lenders (or such greater number of Lenders as may be required pursuant to Section 10.01) will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.11. In each case as specified in this Section 9.11, the Administrative Agent will (and each Lender irrevocably authorizes the Administrative Agent to), at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release or subordination of such item of Collateral from the assignment and security interest granted under the Collateral Documents, or to evidence the release of such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.11.

Section 9.12. Cash Management Obligations and Secured Hedge Agreements. Except as otherwise expressly set forth herein or in any Guaranty or any Collateral Document, no Cash Management Bank or Hedge Bank that obtains the benefits of Section 8.04, any Guaranty or any Collateral by virtue of the provisions hereof or of any Guaranty or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Cash Management Obligations and Obligations arising under Secured Hedge Agreements unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be.

Section 9.13. Other Agents: Arrangers and Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," "documentation agent", "joint bookrunner" or "joint arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

Section 9.14. Appointment of Supplemental Administrative Agents. (a) It is the purpose of this Agreement and the other Loan Documents that there shall be no violation of any Law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as agent or trustee in such jurisdiction. It is recognized that in case of

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litigation under this Agreement or any of the other Loan Documents, and in particular in case of the enforcement of any of the Loan Documents, or in case the Administrative Agent deems that by reason of any present or future Law of any jurisdiction it may not exercise any of the rights, powers or remedies granted herein or in any of the other Loan Documents or take any other action which may be desirable or necessary in connection therewith, the Administrative Agent is hereby authorized to appoint an additional individual or institution selected by the Administrative Agent in its sole discretion as a separate trustee, co-trustee, administrative agent, collateral agent, administrative sub-agent or administrative co-agent (any such additional individual or institution being referred to herein individually as a "Supplemental Administrative Agent" and collectively as "Supplemental Administrative Agents").

(b) In the event that the Administrative Agent appoints a Supplemental Administrative Agent with respect to any Collateral, (i) each and every right, power, privilege or duty expressed or intended by this Agreement or any of the other Loan Documents to be exercised by or vested in or conveyed to the Administrative Agent with respect to such Collateral shall be exercisable by and vest in such Supplemental Administrative Agent to the extent, and only to the extent, necessary to enable such Supplemental Administrative Agent to exercise such rights, powers and privileges with respect to such Collateral and to perform such duties with respect to such Collateral, and every covenant and obligation contained in the Loan Documents and necessary to the exercise or performance thereof by such Supplemental Administrative Agent shall run to and be enforceable by either the Administrative Agent or such Supplemental Administrative Agent, and (ii) the provisions of this Article IX and of Section 10.04 and 10.05 that refer to the Administrative Agent shall inure to the benefit of such Supplemental Administrative Agent and all references therein to the Administrative Agent shall be deemed to be references to the Administrative Agent and/or such Supplemental Administrative Agent, as the context may require.

(c) Should any instrument in writing from the Borrower, Holdings or any other Loan Party be required by any Supplemental Administrative Agent so appointed by the Administrative Agent for more fully and certainly vesting in and confirming to him or it such rights, powers, privileges and duties, the Borrower or Holdings, as applicable, shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Administrative Agent. In case any Supplemental Administrative Agent, or a successor thereto, shall die, become incapable of acting, resign or be removed, all the rights, powers, privileges and duties of such Supplemental Administrative Agent, to the extent permitted by Law, shall vest in and be exercised by the Administrative Agent until the appointment of a new Supplemental Administrative Agent.

## ARTICLE X

### Miscellaneous

Section 10.01. Amendments, Etc. Except as otherwise set forth in this Agreement, no amendment, modification, supplement or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders (other than with respect to any amendment or waiver contemplated in clauses (g), (h) (in the case of clause (h), to the extent permitted by Section 2.16) or (i) below, which shall only require the consent of the Required Facility Lenders under the applicable Facility or Facilities, as applicable) (or by the Administrative Agent with the consent of the Required Lenders) and the Borrower or the other applicable Loan Party, as the case may be, and each such waiver, amendment, modification, supplement or consent shall

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be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, modification, supplement, waiver or consent shall:

(a) extend or increase the Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Section 4.02 or the waiver of any Default, mandatory prepayment or mandatory reduction of the Commitments shall not constitute an extension or increase of any Commitment of any Lender);

(b) postpone any date scheduled for, or reduce the amount of, any payment of principal or interest under Sections 2.08 or 2.09 (other than pursuant to Section 2.09(b)) without the written consent of each Lender directly and adversely affected thereby, it being understood that the waiver of (or amendment to the terms of) any mandatory prepayment of the Term Loans shall not constitute a postponement of any date scheduled for the payment of principal or interest and it further being understood that any change to the definition of Consolidated First Lien Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, Total Net Leverage Ratio or Interest Coverage Ratio, or, in each case, in the component definitions thereof, shall not constitute a reduction in any amount of interest;

(c) reduce or forgive the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iii) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby, it being understood that any change to the definition of Total Net Leverage Ratio, Consolidated First Lien Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio or Interest Coverage Ratio or, in each case, in the component definitions thereof shall not constitute a reduction in the rate; provided that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(d) change any provision of this Section 10.01, the definition of "Required Lenders", "Required Facility Lenders" or "Pro Rata Share" or Sections 2.07(c), 8.04 or 2.14 without the written consent of each Lender directly and adversely affected thereby (it being understood that each Lender shall be directly and adversely affected by a change to the "Required Lenders" or "Pro Rata Share" definitions);

(e) other than in connection with a transaction permitted under Section 7.04 or Section 7.05, release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Lender;

(f) other than in connection with a transaction permitted under Sections 7.04 or 7.05, release all or substantially all of the aggregate value of the Guarantees, without the written consent of each Lender;

(g) amend, waive or otherwise modify any term or provision (including the waiver of any conditions set forth in Section 4.02 as to any Credit Extension under one or more of the Revolving Credit Facility, a given Class of Incremental Revolving Credit Commitments, a given Extension Series of Extended Revolving Credit Commitments

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or a given Class of Other Revolving Credit Commitments) which directly affects Lenders under one or more of the Revolving Credit Facility, a given Class of Incremental Revolving Credit Commitments, a given Extension Series of Extended Revolving Credit Commitments or a given Class of Other Revolving Credit Commitments and does not directly affect Lenders under any other Facilities, in each case, without the written consent of the Required Facility Lenders under such applicable Facility or Facilities with respect to Revolving Credit Commitments, a given Class of Incremental Revolving Credit Commitments, a given Extension Series of Extended Revolving Credit Commitments or a given Class of Other Revolving Credit Commitments (and in the case of multiple Facilities which are affected, such Required Facility Lenders shall consent together as one Facility); *provided, however*, that the waivers described in this clause (g) shall not require the consent of any Lenders other than the Required Facility Lenders under such Facility or Facilities (it being understood that any amendment to the conditions of effectiveness of Incremental Commitments set forth in Section 2.16 shall be subject to clause (h) below);

(h) amend, waive or otherwise modify any term or provision (including (i) the availability and conditions to funding under Section 2.16 with respect to Incremental Term Loans and Incremental Revolving Credit Commitments and the rate of interest applicable thereto and (ii) prior to the earlier of the Delayed Draw Funding Date or the Delayed Draw Termination Date, the conditions to funding under Section 4(b) of the Incremental and Amendment and Restatement Agreement as to any Delayed Draw Term B Commitments) which directly affects Lenders of one or more Incremental Term Loans (including, prior to the earlier of the Delayed Draw Funding Date or the Delayed Draw Termination Date, the Delayed Draw Term B Commitments) or Incremental Revolving Credit Commitments and does not directly affect Lenders under any other Facility, in each case, without the written consent of the Required Facility Lenders under such applicable Incremental Term Loans (including, prior to the earlier of the Delayed Draw Funding Date or the Delayed Draw Termination Date, the Delayed Draw Term B Commitments) or Incremental Revolving Credit Commitments (and in the case of multiple Facilities which are affected, such Required Facility Lenders shall consent together as one Facility); provided, however, that, to the extent permitted under Section 2.16, the waivers described in this clause (h) shall only require the consent of the Required Facility Lenders under such applicable Incremental Term Loans (including, prior to the earlier of the Delayed Draw Funding Date or the Delayed Draw Termination Date, the Delayed Draw Term B Commitments) or Incremental Revolving Credit Commitments; or

(i) amend or otherwise modify: (a) the Financial Covenant, (b) the exception set forth in Section 6.01(a)(y) (or in the comparable provision in the final paragraph of Section 6.01) and (c) Section 8.05, in each case or any definition related thereto (as any such definition is used therein) or waive any Default resulting from a failure to perform or observe the Financial Covenant (including any related Default under Section 6.01) or Section 8.05 without the written consent of the Required Facility Lenders under the applicable Facility or Facilities with respect to the Revolving Credit Commitments, a given Class of Incremental Revolving Credit Commitments, a given Extension Series of Extended Revolving Credit Commitments or a given Class of Other Revolving Credit Commitments (such Required Facility Lenders shall consent together as one Facility); provided, however, that the amendments, modifications or waivers described in this clause (i) to the extent related to either Section 6.01(a)(y) (including the comparable provision in the final paragraph of Section 6.01), Section 8.05 or to compliance with the Financial Covenant (as opposed to Pro Forma Compliance with the Financial Covenant as a condition to taking an action under this Agreement) shall not require the consent of any Lenders other than the Required Facility Lenders under such Facility or Facilities;

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and provided, further that (i) no amendment, waiver or consent shall, unless in writing and signed by each L/C Issuer in addition to the Lenders required above, affect the rights or duties of an L/C Issuer under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it; provided, however that this Agreement may be amended to adjust the mechanics related to the issuance of Letters of Credit, including mechanical changes relating to the existence of multiple L/C Issuers, with only the written consent of the Administrative Agent, the applicable L/C Issuer and the Borrower so long as the obligations of the Revolving Credit Lenders, if any, who have not executed such amendment, and if applicable the other L/C Issuers, if any who have not executed such amendment, are not adversely affected thereby; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; provided, however, that this Agreement may be amended to adjust the borrowing mechanics related to Swing Line Loans, with only the written consent of the Administrative Agent, the Swing Line Lender and the Borrower so long as the obligations of the Revolving Credit Lenders, if any, who have not executed such amendment, are not adversely affected thereby; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of, or any fees or other amounts payable to, the Administrative Agent under this Agreement or any other Loan Document; (iv) [Reserved]; (v) Section 10.07(h) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification; and (vi) the consent of the applicable Required Facility Lenders shall be required with respect to any amendment that by its terms adversely affects the rights of Lenders under one or more Term Facilities (and in the case of multiple Term Facilities which are so adversely affected, such Required Facility Lenders shall consent together as one Term Facility) in respect of payments hereunder in a manner different than such amendment affects other Term Facilities. Any such waiver and any such amendment, modification or supplement in accordance with the terms of this Section 10.01 shall apply equally to each of the Lenders and shall be binding on the Loan Parties, the Lenders, the Agents and all future holders of the Loans and Commitments. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that, without the consent of such Lender: (i) the Commitment of such Lender may not be increased or extended and (ii) the principal of any Loan by such Lender may not be reduced or forgiven (it being understood that any Commitments or Loans held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders).

No Lender consent is required to effect any amendment or supplement to any First Lien Intercreditor Agreement, any Second Lien Intercreditor Agreement or other intercreditor agreement or arrangement permitted under this Agreement (i) that is for the purpose of adding the holders of Permitted Pari Passu Secured Refinancing Debt, Permitted Junior Secured Refinancing Debt, secured Incremental Equivalent Debt or other secured Indebtedness permitted to be incurred under Section 7.03 (or a Senior Representative with respect thereto) as parties thereto, as expressly contemplated by the terms of such First Lien Intercreditor Agreement, such Second Lien Intercreditor Agreement or such other intercreditor agreement or arrangement permitted under this Agreement, as applicable (it being understood that any such amendment or supplement may make such other changes to the applicable intercreditor agreement as, in the good faith determination of the Administrative Agent, are required to effectuate the foregoing and provided, that such other changes are not adverse, in any material respect, to the interests of the Lenders) or (ii) that is expressly contemplated by any First Lien Intercreditor Agreement, any Second Lien Intercreditor Agreement or other intercreditor agreement or arrangement permitted under this Agreement; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder or under any other Loan Document without the prior written consent of the Administrative Agent.

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Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Credit Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

In addition, notwithstanding the foregoing, this Agreement may be amended with the written consent of the Administrative Agent, the Borrower and the Lenders providing the relevant Replacement Term Loans to permit the refinancing of all outstanding Term Loans of any Class ("**Refinanced Term Loans**") with a replacement term loan tranche denominated in Dollars ("**Replacement Term Loans**") hereunder; provided that (a) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans plus accrued interest, fees, premiums (if any) and penalties thereon and reasonable fees and expenses associated with such Replacement Term Loans, (b) the All-In Yield with respect to such Replacement Term Loans (or similar interest rate spread applicable to such Replacement Term Loans) shall not be higher than the All-In Yield for such Refinanced Term Loans (or similar interest rate spread applicable to such Refinanced Term Loans) immediately prior to such refinancing unless the maturity of the Replacement Term Loans is at least one year later than the maturity of the Refinanced Term Loans, (c) the Weighted Average Life to Maturity of such Replacement Term Loans shall not be shorter than the Weighted Average Life to Maturity of such Refinanced Term Loans (as originally in effect prior to any amortization or prepayments thereof) and (d) all other terms applicable to such Replacement Term Loans shall be substantially identical to, or less favorable to the Lenders providing such Replacement Term Loans than, those applicable to such Refinanced Term Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the Latest Maturity Date in effect immediately prior to such refinancing. Notwithstanding anything to the contrary contained in this Section 10.01, the Borrower and the Administrative Agent may, without the input or consent of the Lenders, effect amendments to this Agreement and the other Loan Documents as may be necessary or appropriate in the opinion of the Borrower and the Administrative Agent to effect the provisions of this paragraph.

Notwithstanding anything to the contrary contained in this Section 10.01, guarantees, collateral security documents and related documents executed by any Guarantor in connection with this Agreement may be in a form reasonably determined by the Administrative Agent and may be amended with the consent of the Administrative Agent at the request of the Borrower without the need to obtain the consent of any other Lender if such amendment is delivered in order (i) to comply with local Law or advice of local counsel, (ii) to cure ambiguities or defects as set forth in the paragraph below or (iii) to cause such guarantee, collateral security document or other document to be consistent with this Agreement and the other Loan Documents.

If the Administrative Agent and the Borrower shall have jointly identified an obvious error (including, but not limited to, an incorrect cross-reference) or any error or omission of a technical or immaterial nature, in each case, in any provision of this Agreement or any other Loan Document (including, for the avoidance of doubt, any exhibit, schedule or other attachment to any Loan Document), then the Administrative Agent (acting in its sole discretion) and the Borrower or any other relevant Loan Party shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document. Notification of such amendment shall be made by the Administrative Agent to the Lenders promptly upon such amendment becoming effective.

Section 10.02. Notices and Other Communications; Facsimile Copies.

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(a) *General.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for hereunder or under any other Loan Document shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent, an L/C Issuer or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower, the Administrative Agent, the L/C Issuers and the Swing Line Lender.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, four (4) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) subject to Section 10.02(b)(ii) below, if delivered by electronic mail (which form of delivery is subject to the provisions of Section 10.02(b)(ii)), when delivered; provided that notices and other communications to the Administrative Agent, the L/C Issuers and the Swing Line Lender pursuant to Article II shall not be effective until actually received by such Person. In no event shall a voice mail message be effective as a notice, communication or confirmation hereunder.

(b) *Electronic Communication.*

(i) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to (x) notices to any Lender pursuant to Article II if such Lender, as applicable, has notified the Administrative Agent and the Borrower that it is incapable of receiving notices under such Article by electronic communication and (y) the issuance of Letters of Credit by JPMorgan Chase Bank, N.A. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(ii) Unless the Administrative Agent otherwise prescribes, (x) notices and other communications set to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, that if such notice or communication is not sent during normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the

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recipient, and (y) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (x) of notification that such notice or communication is available and identifying the website address therefor.

(c) *Reliance by Agents and Lenders.* The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower in the absence of gross negligence or willful misconduct. All telephonic notices to the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 10.03. No Waiver; Cumulative Remedies. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Section 10.04. Attorney Costs, Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent, Syndication Agent and the Arrangers for all reasonable and documented out-of-pocket costs and expenses incurred (promptly following written demand therefor, together with backup documentation supporting such reimbursement request) in connection with the preparation, negotiation, syndication and execution of this Agreement, the Incremental and Amendment and Restatement Agreement and the other Loan Documents, and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs, which shall be limited to Cravath, Swaine & Moore LLP and, if necessary, one firm of local counsel in any relevant jurisdiction, and (b) after the Amendment and Restatement Effective Date, upon presentation of a summary statement, together with any supporting documentation reasonably requested by the Borrower, to promptly pay or reimburse the Administrative Agent, Syndication Agent, the Arrangers and each Lender for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement of any rights or remedies under this Agreement, the Incremental and Amendment and Restatement Agreement or the other Loan Documents (including all such costs and expenses incurred during any legal proceeding, including any proceeding under any Debtor Relief Law, and including all Attorney Costs, which shall be limited to Attorney Costs of one counsel to the Administrative Agent and the Lenders taken as a whole (and, if necessary, one firm of local counsel to the Administrative Agent and the Lenders taken as a whole in any relevant jurisdiction and, solely in the event of any actual or potential conflict of interest, one additional counsel in each relevant jurisdiction to each group of similarly situated affected persons taken as a whole)). The agreements in this Section 10.04 shall survive the termination of the Aggregate Commitments and repayment of all other Obligations. All amounts due under this Section 10.04 shall be paid within thirty (30) days of receipt by the Borrower of an invoice relating thereto setting forth such expenses in reasonable detail; provided that, with respect to the Amendment and Restatement Effective Date, all amounts due under this Section 10.04 shall be paid on the Amendment and

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Restatement Effective Date to the extent invoiced to the Borrower within three (3) Business Days prior to the Amendment and Restatement Effective Date. If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it hereunder or under any Loan Document, such amount may be paid on behalf of such Loan Party by the Administrative Agent in its sole discretion. This Section 10.04 shall not apply to Indemnified Taxes or Excluded Taxes, which, in each case, shall be governed by Section 3.01. This Section 10.04 also shall not apply to taxes covered by Section 3.04.

Section 10.05. Indemnification by the Borrower. Whether or not the transactions contemplated hereby (including by the Incremental and Amendment and Restatement Agreement) are consummated, the Borrower shall indemnify and hold harmless each Agent-Related Person, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents, trustees, investment advisors and attorneys-in-fact (collectively the “**Indemnitees**”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including Attorney Costs, but limited, in the case of legal fees and expenses, to the reasonable and documented out-of-pocket fees, disbursements and other charges of one counsel to all Indemnitees taken as a whole and, if reasonably necessary, one firm of local counsel in each relevant jurisdiction, and solely in the case of an actual or potential conflict of interest, one additional counsel in each relevant jurisdiction to each group of similarly situated affected Indemnitees) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (b) any Commitment, Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by an L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), or (c) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower, any Subsidiary or any other Loan Party, or any Environmental Liability related in any way to the Borrower, any Subsidiary or any other Loan Party, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the “**Indemnified Liabilities**”), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements resulted from: (x) the gross negligence, bad faith or willful misconduct of, or material breach of Loan Document by, such Indemnitee or of any affiliate, director, officer, employee, counsel, agent or attorney-in-fact of such Indemnitee as determined by a court of competent jurisdiction in a final and non-appealable decision or (y) any dispute solely among Indemnitees that does not involve an act or omission by the Borrower or any of its Affiliates (other than any claims against an Indemnitee in its capacity or in fulfilling its role as an administrative agent or arranger or any similar role under any Facility) (as determined by a court of competent jurisdiction in a final and non-appealable judgment of a court of competent jurisdiction). No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement (except for damages resulting from the gross negligence, bad faith or willful misconduct, as determined by a court of competent jurisdiction in a final and non-appealable decision, of any such Indemnitee), nor shall any Indemnitee or any Loan Party have any liability for any special, punitive, indirect or consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date) (other than, in the case of any

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Loan Party, in respect of any such damages incurred or paid by an Indemnitee to a third party). In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 10.05 applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, stockholders or creditors or an Indemnitee or any other Person, whether or not any Indemnitee is otherwise a party thereto and whether or not any of the transactions contemplated hereunder or under any of the other Loan Documents is consummated. All amounts due under this Section 10.05 shall be paid within ten (10) Business Days after demand therefor; provided, however, that such Indemnitee shall promptly refund such amount to the extent that there is a final judicial or arbitral determination that such Indemnitee was not entitled to indemnification or contribution rights with respect to such payment pursuant to the express terms of this Section 10.05. The agreements in this Section 10.05 shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations. This Section 10.05 shall not apply to Taxes, other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

Section 10.06. Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to any Agent or any Lender, or any Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by any Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect.

Section 10.07. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (except as expressly permitted by Section 7.04(d)) and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 10.07(b) (such an assignee, an "Eligible Assignee") and (A) in the case of any Assignee that, immediately prior to or upon giving effect to such assignment, is an Affiliated Lender, Section 10.07(k) or (B) in the case of any Assignee that is Holdings, the Borrower or any of its Subsidiaries, Section 10.07(m), (ii) by way of participation in accordance with the provisions of Section 10.07(e), (iii) by way of pledge or assignment of a security interest subject to the restrictions of Sections 10.07(g) and (i) or (iv) to an SPC in accordance with the provisions of Section 10.07(h) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 10.07(f) and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (other than to Disqualified Institutions and Defaulting Lenders) ("Assignees") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this

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Section 10.07(b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld, delayed or conditioned) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for (i) an assignment of a Term Loan to a Lender, an Affiliate of a Lender or an Approved Fund, (ii) an assignment of a Revolving Credit Commitment to a Revolving Credit Lender or an Affiliate of a Revolving Credit Lender or an Approved Fund of a Revolving Credit Lender or (iii) if an Event of Default under Sections 8.01(a) or (f) (solely with respect to any Loan Party) has occurred and is continuing, an assignment to any Assignee; provided, further that, the Borrower shall be deemed to have consented to an assignment of a Term Loan unless it shall have objected thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof;

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment (i) of all or any portion of a Loan to a Lender, an Affiliate of a Lender or an Approved Fund, (ii) of all or any portion of the Term Loans pursuant to Section 10.07(k) or 10.07(m) or (iii) to an Agent or an Affiliate of an Agent;

(C) each Principal L/C Issuer at the time of such assignment, provided that no consent of the Principal L/C Issuers shall be required for any assignment of a Term Loan; and

(D) the Swing Line Lender; provided that no consent of the Swing Line Lender shall be required for any assignment of a Term Loan or any assignment to an Agent or an Affiliate of an Agent.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption Agreement with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 (in the case of the Revolving Credit Facility), or \$1,000,000 (in the case of a Term Loan) unless each of the Borrower and the Administrative Agent otherwise consents, provided that (1) no such consent of the Borrower shall be required if an Event of Default under Section 8.01(a) or (f) (solely with respect to any Loan Party) has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its Affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption Agreement via an electronic settlement system acceptable to the Administrative Agent or, if previously agreed by the Administrative Agent, manually, in each case, together with a processing and recordation fee of \$3,500, unless waived or reduced by the Administrative Agent in its sole discretion; and

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(C) other than in the case of assignments pursuant to Section 10.07(m), the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

This paragraph (b) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis.

(c) Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 10.07(d) (and in the case of an Affiliated Lender or a Person that, after giving effect to such assignment, would become an Affiliated Lender, to the requirements of Section 10.07(k)), from and after the effective date specified in each Assignment and Assumption Agreement, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, 10.04 and 10.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, and the surrender by the assigning Lender of its Note, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this clause (c) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.07(e).

(d) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption Agreement delivered to it, each Affiliated Lender Assignment and Assumption Agreement delivered to it, each notice of cancellation of any Loans delivered by the Borrower pursuant to subsection (k) or (m) below, and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and related interest amounts) of the Loans, L/C Obligations (specifying the Unreimbursed Amounts), L/C Borrowings and amounts due under Section 2.03, owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Agents and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Agent and any Lender, at any reasonable time and from time to time upon reasonable prior notice. Notwithstanding the foregoing, in no event shall the Administrative Agent be obligated to ascertain, monitor or inquire as to whether any Lender is an Affiliated Lender, nor shall the Administrative Agent be obligated to monitor the aggregate amount of the Term Loans or Incremental Term Loans held by Affiliated Lenders. Notwithstanding anything to the contrary contained in this Agreement, the Loans, L/C Obligations and L/C Borrowings are intended to be treated as registered obligations for U.S. federal income tax purposes and this Section 10.07 shall be construed so that they are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code, Section 5f.103-1(c) of the United States Treasury Regulation and any other related regulations (or any successor provisions of the Code or such regulations).

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(e) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or any Disqualified Institutions which has been identified as such to the Lenders) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or the other Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that directly and adversely affects such Participant. Subject to Section 10.07(f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender (subject, for the avoidance of doubt, to the limitations and requirements of those Sections applying to each Participant as if it were a Lender) and had acquired its interest by assignment pursuant to Section 10.07(c) but shall not be entitled to recover greater amounts under such Sections than the selling Lender would be entitled to recover. To the extent permitted by applicable Law, each Participant also shall be entitled to the benefits of Section 10.09 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.14 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except (i) that the portion of the Participant Register relating to a Participant shall be made available to the Borrower and Administrative Agent to the extent the benefits of this Agreement are claimed with respect to such Participant (including under Sections 3.01, 3.04 and 3.05), or (ii) otherwise to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and Section 5f.103-1(c) of the United States Treasury Regulations and any other related regulations (or any successor provisions of the Code or such regulations). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) A Participant shall not be entitled to receive any greater payment under Section 3.01, 3.04 or 3.05 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.01(g) as though it were a Lender.

(g) Any Lender may, without the consent of the Borrower or the Administrative Agent, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure

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obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Lender; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(h) Notwithstanding anything to the contrary contained herein, any Lender (a "**Granting Lender**") may, without the consent of the Borrower or the Administrative Agent, grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower (an "**SPC**") the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. Each party hereto hereby agrees that (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of the Borrower under this Agreement (including its obligations under Section 3.01, 3.04 or 3.05), (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Loan Document, remain the lender of record hereunder and (iv) any grant to an SPC shall be reflected in the Participant Register. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Notwithstanding anything to the contrary contained herein, any SPC may (i) with notice to, but without prior consent of the Borrower and the Administrative Agent and with the payment of a processing fee of \$3,500, assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or Guarantee or credit or liquidity enhancement to such SPC.

(i) Notwithstanding anything to the contrary contained herein, (1) any Lender may, without the consent of the Borrower or the Administrative Agent, in accordance with applicable Law create a security interest in all or any portion of the Loans owing to it and the Note, if any, held by it and (2) any Lender that is a Fund may, without the consent of the Borrower or the Administrative Agent, create a security interest in all or any portion of the Loans owing to it and the Note, if any, held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities; provided that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 10.07, (i) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise.

(j) Notwithstanding anything to the contrary contained herein, any L/C Issuer or the Swing Line Lender may, upon thirty (30) days' notice to the Borrower and the Lenders, resign as an L/C Issuer or the Swing Line Lender, respectively; provided that on or prior to the expiration of such 30-day period with respect to such resignation, the relevant L/C Issuer or the Swing Line Lender shall have identified a successor L/C Issuer or Swing Line Lender, as applicable, reasonably acceptable to the Borrower willing to accept its appointment as successor L/C Issuer or Swing Line Lender, as applicable. In the event of any such resignation of an L/C Issuer or the Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders willing to accept such appointment a successor L/C Issuer or Swing Line Lender hereunder; provided that no failure by the Borrower to appoint any such successor shall affect the resignation of the relevant L/C Issuer or the Swing Line Lender, as the

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case may be, except as expressly provided above. If an L/C Issuer resigns as an L/C Issuer, it shall retain all the rights and obligations of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If the Swing Line Lender resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c).

(k) Any Lender may at any time, assign all or a portion of its rights and obligations with respect to Term Loans under this Agreement to a Person who is or will become, after such assignment, an Affiliated Lender through (x) Dutch auctions or other offers to purchase open to all Lenders on a pro rata basis in accordance with procedures of the type described in Section 2.06(a)(iv) or (y) open market purchase on a non-pro rata basis, in each case subject to the following limitations:

(i) Affiliated Lenders will not receive information provided solely to Lenders by the Administrative Agent or any Lender and will not be permitted to attend or participate in conference calls or meetings attended solely by the Lenders and the Administrative Agent, other than the right to receive notices of prepayments and other administrative notices in respect of its Loans or Commitments required to be delivered to Lenders pursuant to Article II;

(ii) each Affiliated Lender that purchases any Term Loans pursuant to clause (x) above shall represent and warrant to the selling Lender (other than any other Affiliated Lender) that it does not possess material non-public information with respect to Holdings and its Subsidiaries or the securities of any of them that has not been disclosed to the Lenders generally (other than Lenders who elect not to receive such information) or shall make a statement that such representation cannot be made;

(iii) the aggregate principal amount of Term Loans of all Classes held at any one time by Affiliated Lenders shall not exceed 25% of Term Loans of all Classes at such time outstanding (such percentage, the "**Affiliated Lender Cap**"); provided that to the extent any assignment to an Affiliated Lender would result in the aggregate principal amount of Term Loans of all Classes held by Affiliated Lenders exceeding the Affiliated Lender Cap, the assignment of such excess amount will be void *ab initio*;

(iv) the assigning Lender and the Affiliated Lender purchasing such Lender's Loans shall execute and deliver to the Administrative Agent an assignment agreement substantially in the form of Exhibit E-2 hereto (an "**Affiliated Lender Assignment and Assumption Agreement**"); and

(v) as a condition to each assignment pursuant to this subsection (k), the Administrative Agent and the Borrower shall have been provided a notice in the form of Exhibit E-3 hereto in connection with each assignment to an Affiliated Lender or a Person that upon effectiveness of such assignment would constitute an Affiliate Lender pursuant to which such Affiliated Lender shall waive any right to bring any action in connection with such Term Loans against the Administrative Agent, in its capacity, as such;

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Notwithstanding anything to the contrary contained herein, any Affiliated Lender that has purchased Term Loans pursuant to this subsection (k) may, in its sole discretion, contribute, directly or indirectly, the principal amount of such Term Loans, plus all accrued and unpaid interest thereon, to the Borrower for the purpose of cancelling and extinguishing such Term Loans. Upon the date of such contribution, assignment or transfer, (x) the aggregate outstanding principal amount of Term Loans shall reflect such cancellation and extinguishment of the Term Loans then held by the Borrower and (y) the Borrower shall promptly provide notice to the Administrative Agent of such contribution of such Term Loans, and the Administrative Agent, upon receipt of such notice, shall reflect the cancellation of the applicable Term Loans in the Register. Notwithstanding anything to the contrary contained herein, the restrictions set forth in clauses (k)(i) and (iii) above shall not apply to any Affiliated Lenders that are the Sponsor if the aggregate Equity Interests of Holdings (or any direct or indirect parent company thereof) collectively held by the Sponsor is less than 10% of the total Equity Interests of Holdings (or any direct or indirect parent company thereof) then issued and outstanding.

Each Affiliated Lender agrees to notify the Administrative Agent and the Borrower promptly (and in any event within ten (10) Business Days) if it acquires any Person who becomes an Affiliated Lender by virtue of such acquisition, and each Lender agrees to notify the Administrative Agent and the Borrower promptly (and in any event within ten (10) Business Days) if it becomes an Affiliated Lender. Such notice shall contain the type of information required and be delivered to the same addressee as set forth in Exhibit E-3 hereto. The Administrative Agent may conclusively rely upon any notice delivered pursuant to the immediately preceding sentence and/or pursuant to clause (v) of this subsection (k) and shall not have any liability for any losses suffered by any Person as a result of any purported assignment to or from an Affiliated Lender.

(l) Notwithstanding anything in Section 10.01 or the definition of “Required Lenders,” or “Required Facility Lenders” to the contrary, for purposes of determining whether the Required Lenders and Required Facility Lenders (in respect of a Class of Term Loans) have (i) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, or subject to Section 10.07(o), any plan of reorganization pursuant to the U.S. Bankruptcy Code, (ii) otherwise acted on any matter related to any Loan Document, or (iii) directed or required the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, no Affiliated Lender shall have any right to consent (or not consent), otherwise act or direct or require the Administrative Agent or any Lender to take (or refrain from taking) any such action and:

(i) all Term Loans held by any Affiliated Lenders shall be deemed to be not outstanding for all purposes of calculating whether the Required Lenders and Required Facility Lenders (in respect of a Class of Term Loans) have taken any actions; and

(ii) all Term Loans held by Affiliated Lenders shall be deemed to be not outstanding for all purposes of calculating whether all Lenders have taken any action unless the action in question affects such Affiliated Lender in a disproportionately adverse manner than its effect on other Lenders.

(m) Any Lender may, so long as no Default has occurred and is continuing, at any time, assign all or a portion of its rights and obligations with respect to Term Loans under this Agreement to Holdings or the Borrower or any of its Subsidiaries through Dutch auctions or other offers to purchase open to all Lenders on a pro rata basis in accordance with procedures of the type described in Section 2.06(a)(iv); provided, that:

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(i) (x) if the assignee is Holdings or a Subsidiary of Borrower, upon such assignment, transfer or contribution, the applicable assignee shall automatically be deemed to have contributed or transferred the principal amount of such Term Loans, plus all accrued and unpaid interest thereon, to the Borrower; or (y) if the assignee is the Borrower (including through contribution or transfers set forth in clause (x)), (a) the principal amount of such Term Loans, along with all accrued and unpaid interest thereon, so contributed, assigned or transferred to the Borrower shall be deemed automatically cancelled and extinguished on the date of such contribution, assignment or transfer, (b) the aggregate outstanding principal amount of Term Loans of the remaining Lenders shall reflect such cancellation and extinguishment of the Term Loans then held by the Borrower and (c) the Borrower shall promptly provide notice to the Administrative Agent of such contribution, assignment or transfer of such Term Loans, and the Administrative Agent, upon receipt of such notice, shall reflect the cancellation of the applicable Term Loans in the Register;

(ii) each Person that purchases any Term Loans pursuant to this subsection (m) shall represent and warrant to the selling Lender that it does not possess material non-public information with respect to the Borrower and its Subsidiaries or the securities of any of them that has not been disclosed to the Term Lenders generally (other than Term Lenders who elect not to receive such information) or shall make a statement that such representation cannot be made; and

(iii) purchases of Term Loans pursuant to this subsection (m) may not be funded with the proceeds of Revolving Credit Loans or Swing Line Loans.

(n) The aggregate outstanding principal amount of the Term Loans of the applicable Class shall be deemed reduced by the full par value of the aggregate principal amount of the Term Loans purchased by, or contributed to (in each case, and subsequently cancelled hereunder), by Holdings or its Subsidiaries pursuant to Section 10.07(k) or (m) and each principal repayment installment with respect to the Term Loans of such Class pursuant to Section 2.08(a)(i) shall be reduced pro rata by the par value of the aggregate principal amount of Term Loans so purchased or contributed (and subsequently cancelled).

(o) Notwithstanding anything in this Agreement or the other Loan Documents to the contrary, each Affiliated Lender hereby agrees that if a proceeding under any Debtor Relief Law shall be commenced by or against the Borrower or any other Loan Party at a time when such Lender is an Affiliated Lender, such Affiliated Lender shall vote with respect to the Term Loans held by such Affiliated Lender, and is hereby deemed to vote, with respect to any plan of reorganization of such Loan Party in the same proportion as the allocation of voting with respect to such matter by all Lenders who are not Affiliated Lenders; provided that such Affiliated Lender shall be entitled to vote in accordance with its sole discretion (and not in accordance with the allocation of voting with respect to such matter by all Lenders who are not Affiliated Lenders) in connection with any plan of reorganization to the extent any such plan of reorganization proposes to treat any Obligations held by such Affiliated Lender in a disproportionately adverse manner to such Affiliated Lender than the proposed treatment of similar Obligations held by Term Lenders that are not Affiliated Lenders.

(p) The Borrower and the Lenders expressly acknowledge that the Administrative Agent (in its capacity as such or as an arranger, bookrunner or other Agent hereunder) shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions

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or assignments to natural persons and none of the Borrower or the Lenders will bring any claim to such effect. Without limiting the generality of the foregoing, the Administrative Agent (in its capacity as such or as an arranger, bookrunner or other Agent hereunder) shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or a natural person or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information (excluding, for the avoidance of doubt, any disclosure by the Administrative Agent in violation of Section 10.08), to any Disqualified Institution or a natural person.

Section 10.08. Confidentiality. Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its Affiliates and its and its Affiliates' directors, officers, employees, trustees, investment advisors and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent requested by any Governmental Authority; (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process; (d) to any other party to this Agreement; (e) subject to an agreement containing provisions substantially the same as those of this Section 10.08 (or as may otherwise be reasonably acceptable to the Borrower), to any pledgee referred to in Section 10.07(g), counterparty to a Swap Contract, Eligible Assignee of or Participant in, or any prospective Eligible Assignee of or Participant in, any of its rights or obligations under this Agreement; (f) with the written consent of the Borrower; (g) to the extent such Information becomes publicly available other than as a result of a breach of this Section 10.08; (h) to any Governmental Authority or examiner (including the National Association of Insurance Commissioners or any other similar organization) regulating any Lender or its Affiliates; or (i) to any rating agency when required by it (it being understood that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Information relating to the Loan Parties received by it from such Lender). In addition, the Agents and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Agents and the Lenders in connection with the administration and management of this Agreement, the other Loan Documents, the Commitments and the Credit Extensions. For the purposes of this Section 10.08, "Information" means all information received from any Loan Party relating to any Loan Party or its business, other than any such information that is publicly available to any Agent or any Lender prior to disclosure by any Loan Party other than as a result of a breach of this Section 10.08 and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry.

Section 10.09. Setoff. In addition to any rights and remedies of the Lenders provided by Law, upon the occurrence and during the continuance of any Event of Default, each Agent, each Lender and their respective Affiliates is authorized at any time and from time to time, without prior notice to the Borrower or any other Loan Party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Loan Party) to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other Indebtedness at any time owing by, such Agent, such Lender and/or such Affiliates to or for the credit or the account of the respective Loan Parties against any and all Obligations owing to such Agent, such Lender and/or such Affiliates hereunder or under any other Loan Document, now or hereafter existing, irrespective of whether or not such Agent or such Lender or Affiliate shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or Indebtedness. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set off and application made by such Lender;

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provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Agent and each Lender under this Section 10.09 are in addition to other rights and remedies (including other rights of setoff) that such Agent and such Lender may have.

Section 10.10. Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "**Maximum Rate**"). If any Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by an Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 10.11. Counterparts. This Agreement and each other Loan Document may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Agreement and each other Loan Document shall be effective as delivery of an original executed counterpart of this Agreement and such other Loan Document. The Agents may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means.

Section 10.12. Integration. This Agreement, together with the Incremental and Amendment and Restatement Agreement and the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Agents or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

Section 10.13. Survival of Representations and Warranties. All representations and warranties made hereunder, in the Incremental and Amendment and Restatement Agreement and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by each Agent and each Lender, regardless of any investigation made by any Agent or any Lender or on their behalf and notwithstanding that any Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied (other than Obligations under Secured Hedge Agreements, Cash Management Obligations or contingent indemnification obligations, in any such case, not then due and payable) or any Letter of Credit shall remain outstanding (unless the Outstanding Amount of the L/C Obligations related thereto

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has been Cash Collateralized, back-stopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably acceptable to the applicable L/C Issuer).

Section 10.14. Severability. If any provision of this Agreement, the Incremental and Amendment and Restatement Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement, the Incremental and Amendment and Restatement Agreement and the other Loan Documents shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.15. Execution of Assignments and Certain Other Documents. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption Agreement or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 10.16. GOVERNING LAW. (a) THIS AGREEMENT, THE INCREMENTAL AND AMENDMENT AND RESTATEMENT AGREEMENT AND EACH OTHER LOAN DOCUMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) THE BORROWER, HOLDINGS, THE ADMINISTRATIVE AGENT AND EACH LENDER EACH IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE INCREMENTAL AND AMENDMENT AND RESTATEMENT AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. EACH PARTY HERETO AGREES THAT THE AGENTS AND LENDERS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION IN CONNECTION WITH THE EXERCISE OF ANY RIGHTS UNDER ANY COLLATERAL DOCUMENT OR THE ENFORCEMENT OF ANY JUDGMENT.

(c) THE BORROWER, HOLDINGS, THE ADMINISTRATIVE AGENT AND EACH LENDER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE

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LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE INCREMENTAL AND AMENDMENT AND RESTATEMENT AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT OR THE INCREMENTAL AND AMENDMENT AND RESTATEMENT AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section 10.17. WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 10.17 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 10.18. Binding Effect. This Agreement shall become effective as provided in the Incremental and Amendment and Restatement Agreement and thereafter shall be binding upon and inure to the benefit of the Borrower, each Agent, each Lender, each L/C Issuer and the Swing Line Lender and their respective successors and permitted assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders, except as permitted by Section 7.04(d).

Section 10.19. Lender Action. Each Lender agrees that it shall not take or institute any actions or proceedings, judicial or otherwise, for any right or remedy against any Loan Party or any other obligor under any of the Loan Documents, the Secured Hedge Agreements or the agreements governing Cash Management Services (including the exercise of any right of setoff, rights on account of any banker's lien or similar claim or other rights of self-help), or institute any actions or proceedings, or otherwise commence any remedial procedures, with respect to any Collateral or any other property of any such Loan Party, without the prior written consent of the Administrative Agent. The provisions of this Section 10.19 are for the sole benefit of the Lenders and shall not afford any right to, or constitute a defense available to, any Loan Party.

Section 10.20. USA PATRIOT Act. Each Lender hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender to identify the Loan Parties in accordance with the Act.

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Section 10.21. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with the Incremental and Amendment and Restatement Agreement and any other amendment, waiver or other modification hereof or of any other Loan Document), each of the Borrower and Holdings acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement and the Incremental and Amendment and Restatement Agreement provided by the Agents and the Joint Lead Arrangers are arm's-length commercial transactions between the Borrower, Holdings and their respective Affiliates, on the one hand, and the Administrative Agent and the Joint Lead Arrangers, on the other hand, (B) each of the Borrower and Holdings has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Borrower and Holdings is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Agents, the Joint Lead Arrangers and each Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, Holdings or any of their respective Affiliates, or any other Person and (B) none of the Agents, the Joint Lead Arrangers nor any Lender has any obligation to the Borrower, Holdings or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Agents, the Joint Lead Arrangers, the Lender and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, Holdings and their respective Affiliates, and none of the Agents, the Joint Lead Arrangers nor any Lender has any obligation to disclose any of such interests to the Borrower, Holdings or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrower and Holdings hereby waives and releases any claims that it may have against the Agents, the Joint Lead Arrangers or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 10.22. Intercreditor Agreement. (a) PURSUANT TO THE EXPRESS TERMS OF EACH INTERCREDITOR AGREEMENT, IN THE EVENT OF ANY CONFLICT OR INCONSISTENCY BETWEEN THE TERMS OF THE RELEVANT INTERCREDITOR AGREEMENT AND ANY OF THE LOAN DOCUMENTS, THE PROVISIONS OF THE RELEVANT INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL.

(b) EACH LENDER AUTHORIZES AND INSTRUCTS THE COLLATERAL AGENT AND THE ADMINISTRATIVE AGENT TO ENTER INTO THE RELEVANT INTERCREDITOR AGREEMENT ON BEHALF OF SUCH LENDER, AND TO TAKE ALL ACTIONS (AND EXECUTE ALL DOCUMENTS) REQUIRED (OR DEEMED ADVISABLE) BY IT IN ACCORDANCE WITH THE TERMS OF SUCH INTERCREDITOR AGREEMENT(S). EACH LENDER AGREES TO BE BOUND BY AND WILL TAKE NO ACTIONS CONTRARY TO THE PROVISIONS OF THE RELEVANT INTERCREDITOR AGREEMENT.

(c) THE PROVISIONS OF THIS SECTION 10.22 ARE NOT INTENDED TO SUMMARIZE ALL RELEVANT PROVISIONS OF THE RELEVANT INTERCREDITOR AGREEMENT. REFERENCE MUST BE MADE TO THE RELEVANT INTERCREDITOR AGREEMENT ITSELF TO UNDERSTAND ALL TERMS AND CONDITIONS THEREOF. EACH LENDER IS RESPONSIBLE FOR MAKING ITS OWN ANALYSIS AND REVIEW OF THE RELEVANT INTERCREDITOR AGREEMENT AND THE TERMS AND PROVISIONS THEREOF, AND NO AGENT (AND NONE OF ITS AFFILIATES) MAKES ANY REPRESENTATION TO ANY LENDER AS TO THE SUFFICIENCY OR ADVISABILITY OF THE PROVISIONS CONTAINED IN THE RELEVANT INTERCREDITOR AGREEMENT.

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(d) THE PROVISIONS OF THIS SECTION 10.22 SHALL APPLY WITH EQUAL FORCE, MUTATIS MUTANDIS, TO THE FIRST LIEN INTERCREDITOR AGREEMENT, THE SECOND LIEN INTERCREDITOR AGREEMENT AND ANY OTHER INTERCREDITOR AGREEMENT OR ARRANGEMENT PERMITTED BY THIS AGREEMENT.

Section 10.23. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among the parties hereto, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(A) a reduction in full or in part or cancellation of any such liability;

(B) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(C) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

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**SCHEDULE 1.01B  
TO CREDIT AGREEMENT**

**Certain Security Interests and Guarantees**

- Guaranty, dated as of the date hereof.
  - Security Agreement, dated as of the date hereof.
  - Copyright Security Agreement, dated as of the date hereof.
  - Trademark Security Agreement, dated of the date hereof.
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Commitments

On file with the Administrative Agent

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Certain Litigation

None.

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**SCHEDULE 5.12  
TO CREDIT AGREEMENT**

**Subsidiaries and Other Equity Investments**

Issuer	Jurisdiction of Organization	Owner of Outstanding Equity Interests	Percentage of Outstanding Equity Interests Held, Directly or Indirectly, by Holdings	% of Total Issued Interests Pledged
Bright Horizons Capital Corp.	Delaware			
Bright Horizons Family Solutions LLC	Delaware	Bright Horizons Capital Corp.	100%	100%
Bright Horizons LLC	Delaware	Bright Horizons Family Solutions LLC	100%	100%
CorporateFamily Solutions LLC	Tennessee	Bright Horizons Family Solutions LLC	100%	100%
Bright Horizons Children's Centers LLC	Delaware	Bright Horizons LLC	100%	100%
ChildrenFirst LLC	Massachusetts	Bright Horizons Children's Centers LLC	100%	100%
Lipton Corporate Child Care Centers, Inc.	Delaware	Bright Horizons Children's Centers LLC	100%	100%
Lipton Corporate Child Care Centers (Park Ave.), Inc.	New York	Lipton Corporate Child Care Centers, Inc.	100%	0%
Lipton Corporate Childcare, Inc. (New York)	Delaware	Lipton Corporate Child Care Centers, Inc.	100%	0%
Lipton Corporate Child Care Centers (Morris County), Inc.	Delaware	Lipton Corporate Child Care Centers, Inc.	100%	0%
Lipton Corporate Child Care Centers (Oakwood at the Windsor), Inc.	Pennsylvania	Lipton Corporate Child Care Centers, Inc.	100%	0%
Resources in Active Learning	California	Bright Horizons Children's Centers LLC	100%	100%
Work Options Group, Inc.	Colorado	Bright Horizons Children's Centers LLC	100%	100%
BHFS One Limited	United Kingdom	Bright Horizons Family Solutions LLC	100%	65%
BHFS Two Limited	United Kingdom	BHFS One Limited	100%	0%
BHFS Three Limited	Ireland	Bright Horizons Family Solutions LLC	100%	65%
Bright Horizons Family Solutions Ltd.	Canada	Bright Horizons Family Solutions LLC (15%) ChildrenFirst LLC (85%)	100%	15%
Bright Horizons Corp.	Puerto Rico	Bright Horizons Family Solutions LLC	100%	65%
Bright Horizons B.V.	Netherlands	Bright Horizons Family Solutions LLC	100%	65%
Bright Horizons Family Solutions Ireland Ltd.	Ireland	BHFS Three Limited	100%	0%
Allmont Limited	Ireland	BHFS Three Limited	100%	0%
Bright Horizons Child Care Services Private Limited	India	Bright Horizons B.V. (99.99%) BHFS Two Limited (0.01%)	100%	0%
Odemon B.V.	Netherlands	Bright Horizons B.V. (81.5%) DeMonchy Investments B.V. (18.5%)	81.5%	0%
Kindergarden Nederland B.V.	Netherlands	Odemon B.V.	81.5%	0%
Huntyard Ltd.	Jersey	BHFS Two Limited	100%	0%
Bright Horizons Family Solutions Limited	United Kingdom	BHFS Two Limited	100%	0%
Bright Horizons Livingston Limited	Scotland	BHFS Two Limited	100%	0%
Child & Co (Oxford) Limited	United Kingdom	BHFS Two Limited	100%	0%
Daisies Day Nurseries Limited	United Kingdom	BHFS Two Limited	100%	0%
02483387 Limited <sup>(1)</sup>	United Kingdom	BHFS Two Limited	100%	0%
Beehive Day Nurseries Limited	United Kingdom	BHFS Two Limited	100%	0%



Issuer	Jurisdiction of Organization	Owner of Outstanding Equity Interests	Percentage of Outstanding Equity Interests Held, Directly or Indirectly, by Holdings	% of Total Issued Interests Pledged
Teddies Childcare Provision Limited	United Kingdom	BHFS Two Limited	100%	0%
Teddies Childcare Limited	United Kingdom	Teddies Childcare Provision Limited	100%	0%
Teddies Nurseries Limited	United Kingdom	Teddies Childcare Provision Limited	100%	0%
Teddies Sports Limited	United Kingdom	Teddies Childcare Provision Limited	100%	0%
Casterbridge Real Estate 2 Ltd.	United Kingdom	Huntyard Ltd.	100%	0%
Casterbridge Care and Education Group Ltd.	United Kingdom	Huntyard Ltd.	100%	0%
Inglewood Day Nursery and College Ltd.	United Kingdom	Casterbridge Care and Education Group Ltd.	100%	0%
Casterbridge Nurseries (HH) Ltd.	United Kingdom	Casterbridge Care and Education Group Ltd.	100%	0%
Casterbridge Real Estate Ltd.	United Kingdom	Casterbridge Care and Education Group Ltd.	100%	0%
Casterbridge Nurseries Ltd.	United Kingdom	Casterbridge Care and Education Group Ltd.	100%	0%
Casterbridge Care and Education Ltd.	United Kingdom	Casterbridge Care and Education Group Ltd.	100%	0%
Surculus Properties Ltd.	United Kingdom	Casterbridge Real Estate Ltd.	100%	0%
Springfield Lodge Day Nursery (Swanscombe) Ltd.	United Kingdom	Casterbridge Nurseries Ltd.	100%	0%
Springfield Lodge Day Nursery (Dartford) Ltd.	United Kingdom	Casterbridge Nurseries Ltd.	100%	0%
Tassel Road Children's Day Nursery Ltd.	United Kingdom	Casterbridge Nurseries Ltd.	100%	0%
Sam Bell Enterprises Ltd.	United Kingdom	Casterbridge Nurseries Ltd.	100%	0%
Casterbridge Nurseries (Eton Manor) Ltd.	United Kingdom	Casterbridge Care and Education Ltd.	100%	0%
Casterbridge Nurseries (Gaynes Park) Ltd.	United Kingdom	Casterbridge Care and Education Ltd.	100%	0%
Dolphin Nurseries (Tooting) Ltd.	United Kingdom	Casterbridge Care and Education Ltd.	100%	0%
Dolphin Nurseries (Kingston) Ltd.	United Kingdom	Casterbridge Care and Education Ltd.	100%	0%
Dolphin Nurseries (Bracknell) Ltd.	United Kingdom	Casterbridge Care and Education Ltd.	100%	0%
Dolphin Nurseries (Caterham) Ltd.	United Kingdom	Casterbridge Care and Education Ltd.	100%	0%
Dolphin Nurseries (Northwick Park) Ltd.	United Kingdom	Casterbridge Care and Education Ltd.	100%	0%
Dolphin Nurseries (Banstead) Ltd.	United Kingdom	Casterbridge Care and Education Ltd.	100%	0%

(1) Scheduled to be dissolved on or around January 30, 2013.

**SCHEDULE 7.01(b)  
TO CREDIT AGREEMENT**

**Existing Liens**

1. Liens in respect of the cash collateral provided in connection with the Letter of Credit described on Schedule 7.03(b).
2. Liens in respect of the IBM Indebtedness described on Schedule 7.03(b).
3. Right of First Offer granted to Columbia/JFK Medical Center Limited Partnership in the JFK Medical Center Charter School Sponsorship Agreement, dated August 6, 2002, with regard to Site #649 at the JFK Charter School in Lake Worth, Florida.
4. Purchase right granted to the Parish of the Church of Our Saviour in Mill Valley in Amendment No. 3 to Use Agreement, dated as of December 1, 2007, with regard to Site #5002 in Mill Valley, California.
5. Right of First Offer granted to The Parish Church of Our Saviour in Mill Valley in Amendment No. 3 to Use Agreement, dated as of December 1, 2007, with regard to Site #5002 in Mill Valley, California.
6. Rights of lessee pursuant to that certain Lease by Bright Horizons Children's Centers LLC, as lessee to JFK Charter School, commencing July 1, 2002, with regard to Site #649, at the JFK Charter School in Lake Worth, Florida.
7. Liens pursuant to that certain Management Agreement by and between Bright Horizons Children's Centers LLC and JFK Charter School, Inc., dated as of August 6, 2003.
8. Rights of sublessee pursuant to that certain Sublease by Bright Horizons Children's Centers LLC on the Lake Pointe facility located in Charlotte, North Carolina at 2703 Water Ridge Parkway to a third party. The Term of such sublease terminates on June 30, 2015, which coincides with the termination date of the original lease.
9. Liens listed in the table below:

Debtor	Filing Office	Type	Secured Party	Collateral Description	File #	File Date
Bright Horizons Family Solutions LLC	DE	UCC	Banc of America Leasing & Capital, LLC	1 KONICA MINOLTA COPIER BIZHUB 60057BE34107, and connected materials.	2008 1942604	6/6/08
Bright Horizons Family Solutions LLC	DE	UCC	Banc of America Leasing & Capital, LLC	1 KONICA MINOLTA COPIER BIZHUB C203A02E012003662, and connected materials.	2008 2307666	7/7/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES453 SCIG846582	2008 3998455	12/2/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES283 SCUI848908	2008 3998489	12/2/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES453 SCIG846602	2008 3998497	12/2/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES353 SCGG859372	2008 4120646	12/11/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES353 SCG1862598	2008 4142483	12/12/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 E2830C SCXJ813168	2008 4256655	12/22/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 E283 SCUH848294	2008 425663	12/22/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES353 SCGJ864852	2008 4284905	12/24/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES353 SCGJ864864	2008 4284939	12/24/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES2830C SCXJ813229	2008 4304315	12/29/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES353 SCGJ864418	2008 4304323	12/29/08

Debtor	Filing Office	Type	Secured Party	Collateral Description	File #	File Date
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES283 SCUH848291	2008 4304331	12/29/08
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES353 SCGJ864872	2009 0009115	1/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES283 SCUH848234	2009 0009123	1/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 E283 SCUH848292	2009 0009131	1/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 E2830C SCXJ813168	2009 0009149	1/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES283 SCUH848296	2009 0009156	1/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES353 SCGJ864857A	2009 0009164	1/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES283 SCUH848233	2009 0009172	1/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO3530C SCZK811916	2009 0056231	1/7/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ES353 SCGH864404	2009 0071222	1/8/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO2830C SCXJ813219	2009 0179538	1/19/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK866184	2009 0179546	1/19/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 E353 SCGJ864734	2009 0179645	1/20/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO3530C SCZK812180	2009 0210622	1/21/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGH860306	2009 0227188	1/22/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK866796	2009 0227196	1/22/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO 2830C SCXK814068	2009 0294238	1/28/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK866813	2009 0294253	1/28/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK866151	2009 0294261	1/28/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK865789	2009 0327194	1/31/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK865962	2009 0327269	1/31/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK865680	2009 0327319	1/31/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO453 SCIG846558	2009 0345501	2/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO 353 SCGK865911	2009 0345519	2/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO283 SCUK851278	2009 0345535	2/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO283 DCUJ849493	2009 0345543	2/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO 283 SCUE844209	2009 0345550	2/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCKG866122	2009 0345568	2/2/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO2830C SCXL814475	2009 0345576	2/2/09

Debtor	Filing Office	Type	Secured Party	Collateral Description	File #	File Date
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK865680	2009 0537107	2/5/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK865789	2009 0537180	2/5/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 ESTUDIO353 SCGK865962	2009 0537198	2/5/09
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 FAX BOARD	2010 0798243	3/9/10
Bright Horizons Children's Centers LLC	DE	UCC	US Bancorp	For informational purposes only: 1 GD1250	2010 2311979	7/1/10

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**SCHEDULE 7.02(f)  
TO CREDIT AGREEMENT**

**Existing Investments**

- Investments by the Loan Parties in BHFS One Limited in respect of the Indebtedness of BHFS One Limited owed to the Loan Parties described in Schedule 7.03(b).
  - Investments by the Loan Parties in Bright Horizons B.V. in respect of the Indebtedness of Bright Horizons B.V. owed to the Loan Parties described in Schedule 7.03(b).
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SCHEDULE 7.03(b)  
TO CREDIT AGREEMENTExisting Indebtedness

1. Indebtedness secured by Liens described in Schedule 7.01(b).
  2. Indebtedness secured by mortgages or evidenced by notes in favor of IBM or its agent Work/Family Directions, Inc. (the "**IBM Indebtedness**") related to the following properties:
    - a. 15 Golf Club Lane, Poughkeepsie, NY 12601
    - b. 23 Donovan Drive, Hopewell Junction, NY 12533
    - c. Bright Horizons Family Center, 2411 W. Braker Lane, Austin, TX 78758
    - d. Bright Horizons - San Jose, 6120 Liska Lane, San Jose, CA 95119
    - e. Bright Horizons Children's Center at the Forum, 8516 Old Lead Mine Road, Raleigh, NC 27615
    - f. Bright Horizons at Raleigh Corporate Center, 800 Corporate Center Drive, Raleigh, NC 27607
    - g. Bright Horizons Children's Center at Shepherds Vineyard, Apex, NC 27502
    - h. Enrichment Center at Research Triangle Park, 10 T.W. Alexander Drive, Research Triangle Park, NC 27709
    - i. Eastridge Enrichment Center, 109 Corporate Park Drive, White Plains, NY 10604
    - j. Bright Horizons at Blanchardstown, Blanchardstown Road N., Dublin 15, Co. Dublin, Ireland
  3. Indebtedness related to the line of credit of Odemon B.V. with ABN AMRO Bank N.V. in an aggregate amount not to exceed €3,250,000.
  4. Indebtedness related to the overdraft facility of BHFS Two Limited, in an amount not to exceed €250,000.
  5. Letter of Credit, dated as of January 14, 2008, in the amount of \$148,010.00, issued by Wells Fargo Bank, N.A. (f/k/a Wachovia Bank, National Association) for the benefit of 410 Park Avenue Associates LP.
  6. Promissory Notes between Bright Horizons Children's Centers LLC and BHFS One Limited, payable to Bright Horizons Children's Centers LLC, as renewed and extended by Promissory Note Renewal and Extension, in the following principal amounts and any accrued but unpaid interest related thereto from time to time:
    - a. £675,000 due December 31, 2015
    - b. £100,000 due December 31, 2015
    - c. £7,438,575 due December 31, 2015
    - d. £1,600,547 due December 31, 2015
    - e. £7,650,000 due December 31, 2015
    - f. £2,000,000 due December 31, 2015
    - g. £250,000 due December 31, 2015
    - h. £2,085,000 due December 31, 2015
    - i. £2,000,000 due December 31, 2015
-

7. Promissory Notes between Bright Horizons Children's Centers LLC and BHFS One Limited, payable to Bright Horizons Children's Centers LLC, in the following principal amounts and any accrued but unpaid interest related thereto from time to time:
    - a. £1,000,000 due December 31, 2017
    - b. £1,988,649 due April 28, 2014
  8. Discounted Loan Note between Bright Horizons Children's Centers LLC and BHFS One Limited, payable to Bright Horizons Children's Centers LLC, in the following principal amounts and any accrued but unpaid interest related thereto from time to time:
    - a. £107,756,846.32 due June 30, 2022.
  9. Promissory note between Bright Horizons Children's Centers LLC and Bright Horizons B.V., payable to Bright Horizons Children's Centers LLC, in the following principal amounts and any accrued but unpaid interest related thereto from time to time:
    - a. €15,825,000 due July 20, 2016
-

**Dispositions**

The potential dispositions of up to 13 centers contemplated by the Borrower as of the Closing Date.

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Transactions with Affiliates

None.

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Existing Restrictions

None.

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SCHEDULE 10.02  
TO CREDIT AGREEMENT

Administrative Agent's Office, Certain Addresses for Notices

**Administrative Agent**

JPMorgan Chase Bank, N.A.  
Leonida Mischke  
10 South Dearborn Street, Floor L2  
Chicago, IL 60603  
Telephone: 312-385-7055  
Facsimile: 888-292-9533  
Email: Leonida.g.mischke@jpmorgan.com; JPM.Agency.Servicing.1@jpmorgan.com  
Email for delivery of Disqualified Institutions list: JPMDQ\_Contact@jpmorgan.com

**L/C Issuer**

JPMorgan Chase Bank, N.A.  
10 South Dearborn Street  
Chicago, Illinois 60603  
Telephone: (855) 609-0059  
Facsimile: (214) 307-6874  
Email: Chicago.LC.Agency.Activity.Team@JPMChase.com

**Administrative Agent's Account**

JPMorgan Chase Bank  
ABA#: \_\_\_\_\_  
Acct Name: \_\_\_\_\_  
Acct#: \_\_\_\_\_  
REF: Bright Horizons Family Solution Inc.

**Borrower**

Bright Horizons Family Solutions LLC  
200 Talcott Avenue South  
P.O. Box 9177  
Watertown, MA 02472  
Telephone: (617) 673-8180  
Facsimile: (617) 673-8653  
Email: mbrennan@brighthorizons.com  
Attention: Michael Brennan

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**FORM OF COMMITTED LOAN NOTICE**

To: Goldman Sachs Bank USA, as Administrative Agent  
 200 West Street  
 New York, NY 10282  
 Attention: [\_\_\_\_\_]

[Date]

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Borrower hereby requests (select one):

- A Borrowing of new Loans
- A conversion of Loans
- A continuation of Loans

to be made on the terms set forth below:

- (A) Class of Borrowing <sup>(1)</sup> \_\_\_\_\_
- (B) Date of Borrowing,  
conversion or continuation  
(which is a Business Day) \_\_\_\_\_
- (C) Principal amount \_\_\_\_\_
- (D) Type of Loan <sup>(2)</sup> \_\_\_\_\_
- (E) Interest Period <sup>(3)</sup> \_\_\_\_\_

The above request has been made to the Administrative Agent by telephone at [(\_\_\_\_) \_\_\_\_ \_\_\_\_].] <sup>(4)</sup>

[The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that, on the date of the Borrowing set forth above, the conditions to lending specified in clauses (a) and (b) of Section 4.02 of the Credit Agreement will be satisfied.] <sup>(5)</sup>

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(1) Term B Loans, Extended Term Loans, Incremental Term Loans, Other Term Loans, Revolving Credit Loans, Incremental Revolving Loans, Extended Revolving Credit Loans or Other Revolving Credit Loans.

(2) Specify Eurocurrency Rate or Base Rate.

(3) Applicable for Eurocurrency Rate Loans/Borrowings only.

(4) Bracketed language to be inserted if the request for Borrowing, conversion of Loans or continuation of Eurocurrency Rate Loans is originally made by telephone.

(5) Bracketed language to be inserted if the Borrower is requesting a Borrowing of Loans, but not if the Borrower is requesting only a conversion of Loans or a continuation of Eurocurrency Rate Loans.

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BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

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**FORM OF SWING LINE LOAN NOTICE**

To: Goldman Sachs Bank USA, as Administrative Agent  
200 West Street  
New York, NY 10282  
Attention: [\_\_\_\_\_]

[Date]

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.04(b) of the Credit Agreement that it requests a Swing Line Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Swing Line Borrowing is requested to be made:

(A) Principal Amount to be Borrowed <sup>(1)</sup> \_\_\_\_\_

(B) Date of Borrowing (which is a Business Day) \_\_\_\_\_

[The above request has been made to the Swing Line Lender and the Administrative Agent by telephone at [(\_\_\_\_) \_\_\_\_ \_\_\_\_].<sup>(2)</sup>

The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that, on the date of the Swing Line Borrowing set forth above, the conditions to lending specified in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement will be satisfied.

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

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(1) Shall be a minimum of \$100,000 or a whole multiple of \$100,000 in excess thereof.  
(2) Bracketed language to be inserted if the request for Swing Line Borrowing is originally made by telephone.

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**[FORM OF] TERM NOTE**

LENDER: [●] New York, New York  
 PRINCIPAL AMOUNT: \$[●] [Date]

FOR VALUE RECEIVED, the undersigned, BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the "**Borrower**"), hereby promises to pay to the Lender set forth above (the "**Lender**") or its registered assigns, in lawful money of the United States of America in immediately available funds at the Administrative Agent's Office (such term, and each other capitalized term used but not defined herein, having the meaning assigned to it in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto), (i) on the dates set forth in the Credit Agreement, the principal amounts referred to in the Credit Agreement with respect to [Term B Loans] <sup>(1)</sup> made by the Lender to the Borrower pursuant to the Credit Agreement and (ii) on each Interest Payment Date, interest at the rate or rates per annum as provided in the Credit Agreement on the unpaid principal amount of [Term B Loans] made by the Lender to the Borrower pursuant to the Credit Agreement.

The Borrower promises to pay interest, on demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at the rate or rates provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this note and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal accounts and records; provided, however, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower under this note.

This note is one of the Term Notes referred to in the Credit Agreement that, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified.

**THIS TERM NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT. TRANSFERS OF THIS TERM NOTE MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT.**

**THIS TERM NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]*

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(1) For Term Notes issued after the Closing Date, revise to specify Class of Term Loans being issued pursuant to such Term Note.

---

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_

Name:

Title:

---



LOANS AND PAYMENTS

<u>Date</u>	<u>Amount of Loan</u>	<u>Maturity Date</u>	<u>Payments of Principal/Interest</u>	<u>Principal Balance of Note</u>	<u>Name of Person Making the Notation</u>
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**FORM OF TERM NOTE**

LENDER: [●]                                      New York, New York  
 PRINCIPAL AMOUNT: \$[●]                      [Date]

FOR VALUE RECEIVED, the undersigned, BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the "**Borrower**"), hereby promises to pay to the Lender set forth above (the "**Lender**") or its registered assigns, in lawful money of the United States of America in immediately available funds at the Administrative Agent's Office (such term, and each other capitalized term used but not defined herein, having the meaning assigned to it in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto), (i) on the dates set forth in the Credit Agreement, the principal amounts referred to in the Credit Agreement with respect to [Term B Loans] <sup>(1)</sup> made by the Lender to the Borrower pursuant to the Credit Agreement and (ii) on each Interest Payment Date, interest at the rate or rates per annum as provided in the Credit Agreement on the unpaid principal amount of [Term B Loans] made by the Lender to the Borrower pursuant to the Credit Agreement.

The Borrower promises to pay interest, on demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at the rate or rates provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this note and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal accounts and records; provided, however, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower under this note.

This note is one of the Term Notes referred to in the Credit Agreement that, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified.

**THIS TERM NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT. TRANSFERS OF THIS TERM NOTE MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT.**

**THIS TERM NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

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(1) For Term Notes issued after the Closing Date, revise to specify Class of Term Loans being issued pursuant to such Term Note.

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BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

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LOANS AND PAYMENTS

<u>Date</u>	<u>Amount of Loan</u>	<u>Maturity Date</u>	<u>Payments of Principal/Interest</u>	<u>Principal Balance of Note</u>	<u>Name of Person Making the Notation</u>
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**FORM OF REVOLVING CREDIT NOTE**

LENDER: [●] New York, New York  
 PRINCIPAL AMOUNT: \$[●] [Date]

FOR VALUE RECEIVED, the undersigned, BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the "**Borrower**"), hereby promises to pay to the Lender set forth above (the "**Lender**") or its registered assigns, in lawful money of the United States of America in immediately available funds at the Administrative Agent's Office (such term, and each other capitalized term used but not defined herein, having the meaning assigned to it in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto), (A) on the dates set forth in the Credit Agreement, the lesser of (i) the principal amount set forth above and (ii) the aggregate unpaid principal amount of all Revolving Credit Loans made by the Lender to the Borrower pursuant to the Credit Agreement, and (B) interest from the date hereof on the principal amount from time to time outstanding on each such Revolving Credit Loan at the rate or rates per annum and payable on such dates as provided in the Credit Agreement.

The Borrower promises to pay interest, on demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at the rate or rates provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this note and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal accounts and records; provided, however, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower under this note.

This note is one of the Revolving Credit Notes referred to in the Credit Agreement that, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified.

**THIS REVOLVING CREDIT NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT. TRANSFERS OF THIS REVOLVING CREDIT NOTE MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT.**

**THIS REVOLVING CREDIT NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

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BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

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LOANS AND PAYMENTS

<u>Date</u>	<u>Amount of Loan</u>	<u>Maturity Date</u>	<u>Payments of Principal/Interest</u>	<u>Principal Balance of Note</u>	<u>Name of Person Making the Notation</u>
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## [FORM OF] SWING LINE NOTE

LENDER: [●] New York, New York  
 PRINCIPAL AMOUNT: \$[●] [Date]

FOR VALUE RECEIVED, the undersigned, BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the "**Borrower**"), hereby promises to pay to the Lender set forth above (the "**Lender**") or its registered assigns, in lawful money of the United States of America in immediately available funds at the Administrative Agent's Office (such term, and each other capitalized term used but not defined herein, having the meaning assigned to it in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto), (A) on the dates set forth in the Credit Agreement, the lesser of (i) the principal amount set forth above and (ii) the aggregate unpaid principal amount of all Swing Line Loans made by the Lender to the Borrower pursuant to the Credit Agreement, and (B) interest from the date hereof on the principal amount from time to time outstanding on each such Swing Line Loan at the rate or rates per annum and payable on such dates as provided in the Credit Agreement.

The Borrower promises to pay interest, on demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at a rate or rates provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this note and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal accounts and records; provided, however, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower under this note.

This note is the Swing Line Note referred to in the Credit Agreement that, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified.

**THIS SWING LINE NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT. TRANSFERS OF THIS SWING LINE NOTE MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT.**

**THIS SWING LINE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

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BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

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LOANS AND PAYMENTS

<u>Date</u>	<u>Amount of Loan</u>	<u>Maturity Date</u>	<u>Payments of Principal/Interest</u>	<u>Principal Balance of Note</u>	<u>Name of Person Making the Notation</u>
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**[FORM OF] COMPLIANCE CERTIFICATE**

Reference is made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Bright Horizons Family Solutions LLC (the “**Borrower**”), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the “**Administrative Agent**”), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto (capitalized terms used herein have the meanings attributed thereto in the Credit Agreement unless otherwise defined herein). Pursuant to Section 6.02(a) of the Credit Agreement, the undersigned, solely in his/her capacity as a Responsible Officer of the Borrower, certifies as follows:

1. [Attached hereto as Exhibit A is the consolidated balance sheet of [the Borrower and its Subsidiaries]<sup>(1)</sup> as of December 31, 20[ ] and related consolidated statements of income or operations, stockholders’ equity and cash flows for the fiscal year then ended, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Deloitte & Touche LLP, <sup>(2)</sup> which report and opinion is not subject to any “going concern” or like qualification or exception or any qualification or exception as to the scope of such audit (except as may be required as a result of (x) a prospective Event of Default with respect to the Financial Covenant, (y) in the case of the Term Lenders, an actual Event of Default with respect to the Financial Covenant or (z) the impending maturity of any Indebtedness, including the Loans under the Credit Agreement).]<sup>(3)</sup>[Attached hereto as Exhibit [A-1] is unaudited consolidating information that explains in reasonable detail the differences between the information relating to Holdings (or a direct or indirect parent thereof), on the one hand, and the information relating to the Borrower and the Restricted Subsidiaries on a stand-alone basis, on the other hand.]<sup>(4)</sup>

2. [Attached hereto as Exhibit A is the consolidated balance sheet of [the Borrower and its Subsidiaries]<sup>(5)</sup> as of [\_\_\_\_\_] and the related (i) consolidated statements of income or operations for such fiscal quarter and for the portion of the fiscal year then ended and (ii) consolidated statements of cash flows for the portion of the fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail. These present fairly in all material respects the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end adjustments and the absence of footnotes.]<sup>(6)</sup>[Attached hereto as Exhibit [A-1] is unaudited consolidating information that explains in reasonable detail the differences between the information relating to Holdings (or a direct or indirect parent thereof), on the one hand, and the information relating to the Borrower and the Restricted Subsidiaries on a stand-alone basis, on the other hand.]<sup>(7)</sup>

3. To my knowledge, except as otherwise disclosed to the Administrative Agent in writing pursuant to the Credit Agreement, no Default has occurred and is continuing.<sup>(8)</sup>

4. [Attached hereto as Exhibit B are the unaudited consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries from the consolidated financial statements attached as Exhibit A hereto.]

5. Attached hereto as Schedule 1 is a calculation of the Consolidated First Lien Net Leverage Ratio as of the end of the most recent Test Period.

6. [Attached hereto as Exhibit [C] is the information required to be delivered pursuant to Section 6.02(d)(ii).]<sup>(10)</sup>

7. [Attached hereto as Exhibit [D] are detailed calculations setting forth Excess Cash Flow.]<sup>(11)</sup>

8. [Attached as Exhibit [E] is an update of the information required pursuant to Section [3.03(c)] of the Security Agreement][There has been no change in respect of the information required pursuant to [Section 3.03(c)] of the Security Agreement since [the Closing Date][the date of the last annual Compliance Certificate.]]<sup>(12)</sup>

\* \* \*

- 
- (1) May be financial statements of Holdings (or any direct or indirect parent thereof).
  - (2) May be any other independent registered public accounting firm of nationally recognized standing.
  - (3) Bracketed language to be deleted if financial statements are filed with the SEC and a link to such filing is posted on the Borrower's website.
  - (4) Include if audited financial statements are those of Holdings (or any direct or indirect parent thereof).
  - (5) May be financial statements of Holdings (or any direct or indirect parent thereof).
  - (6) Bracketed language to be deleted if financial statements are filed with the SEC and a link to such filing is posted on the Borrower's website.
  - (7) Insert if applicable financial statements are those of Holdings (or any direct or indirect parent thereof).
  - (8) If this certification cannot be made, attach an Annex A setting forth details of such Default and stating what action the Borrower has taken and proposes to take with respect thereto.
  - (9) To be included for purposes of calculating the Applicable Rate, the applicable percentage of Excess Cash Flow and, if a Compliance Event occurred as of the last day of the Test Period, for purposes of compliance with the Financial Covenant.
  - (10) To be included only in the annual compliance certificate.
  - (11) To be included only in the annual compliance certificate.
  - (12) To be included only in the annual compliance certificate.
-

IN WITNESS WHEREOF, the undersigned, solely in his/her capacity as a Responsible Officer of the Borrower, has executed this certificate for and on behalf of the Borrower and has caused this certificate to be delivered this \_\_\_\_ day of \_\_\_\_\_.  
BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

---

Exhibit A  
Consolidated Financial Statements

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Exhibit B

Unaudited Consolidating Financial Statements

---

Exhibit C

(1) List each Restricted Subsidiary: [ ]

(2) List each Unrestricted Subsidiary: [ ] Only required to list Restricted and Unrestricted Subsidiaries if there has been a change since the later of the Closing Date and the date of the last Compliance Certificate.

[There has been no change in the identity of Restricted and Unrestricted Subsidiaries since [the Closing Date] [the date of the last Compliance Certificate].]  
Use this language if there has not been a change in Restricted or Unrestricted Subsidiaries since the later of the Closing Date and the date of the last Compliance Certificate.

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Exhibit D

Excess Cash Flow

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Exhibit E

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Schedule 1

Consolidated First Lien Net Leverage Ratio

---

**[FORM OF] ASSIGNMENT AND ASSUMPTION AGREEMENT**

This Assignment and Assumption Agreement (this “**Assignment and Assumption Agreement**”) is dated as of the Effective Date set forth below and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used in this Assignment and Assumption Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Bright Horizons Family Solutions LLC (the “**Borrower**”), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the “**Administrative Agent**”), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption Agreement as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility or facilities identified below (including without limitation participations in any Letters of Credit or Swing Line Loans included in such facility) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “**Assigned Interest**”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption Agreement, without representation or warranty by the Assignor.

10. Assignor (the “**Assignor**”):
11. [Assignor is [not] a Defaulting Lender]
12. Assignee (the “**Assignee**”):
13. [For each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]
14. Borrower: Bright Horizons Family Solutions LLC
15. Administrative Agent: Goldman Sachs Bank USA
16. Assigned Interest:

Facility <sup>(1)</sup>	Aggregate Amount of Commitment/Loans of all Lenders <sup>(2)</sup>	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans <sup>(3)</sup>
	\$	\$	%
	\$	\$	%
	\$	\$	%

[Trade Date: \_\_\_\_\_] <sup>(4)</sup>

Effective Date: \_\_\_\_\_, 20[ ] [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

- 
- (1) Specify the Class of Facilities under the Credit Agreement that are being assigned under this Assignment and Assumption Agreement (e.g., Term B Loans, Incremental Term Loans, Other Term Loans, Extended Term Loans, Revolving Credit Commitment, Incremental Revolving Commitment, Other Revolving Credit Commitment or Extended Revolving Credit Commitment)
  - (2) Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
  - (3) Set forth, to at least 8 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.
  - (4) To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.
-

The terms set forth in this Assignment and Assumption Agreement are hereby agreed to:

[NAME OF ASSIGNOR], as Assignor

By: \_\_\_\_\_

Name:

Title:

[NAME OF ASSIGNEE], as Assignee

By: \_\_\_\_\_

Name:

Title:

---

[Consented to and] To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement. Accepted:

GOLDMAN SACHS BANK USA, as [Administrative Agent] [L/C Issuer] To be added only if the consent of the Principal L/C Issuer is required by the terms of the Credit Agreement. [Swing Line Lender] To be added only if the consent of the Swing Line Lender is required by the terms of the Credit Agreement.

By: \_\_\_\_\_

Name:

Title:

---

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_

Name:

Title:

Title: To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

---



**STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION AGREEMENT <sup>(1)</sup>**

17. 1. **Representations and Warranties Assignor.** The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption Agreement and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Holdings, the Borrower or any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Holdings, the Borrower or any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

19. 1.2. **Assignee.** The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01(a) and (b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on any Agent or any other Lender, and (v) attached to this Assignment and Assumption Agreement is any documentation required to be delivered by it pursuant to the Credit Agreement, including any documentation required pursuant to Section 3.01 of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Assignor, any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

20. 2. **Payments.** From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

21. 3. **General Provisions.** This Assignment and Assumption Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted by the Credit Agreement. This Assignment and Assumption Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Assignment and Assumption Agreement shall be effective as delivery of an original executed counterpart of this Assignment and Assumption Agreement. This Assignment and Assumption Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

- 
- (1) Capitalized terms used in this Assignment and Assumption Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto.
-

**[FORM OF] AFFILIATED LENDER ASSIGNMENT AND ASSUMPTION AGREEMENT**

This Assignment and Assumption Agreement (this “**Assignment and Assumption Agreement**”) is dated as of the Effective Date set forth below and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used in this Assignment and Assumption Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Bright Horizons Family Solutions LLC (the “**Borrower**”), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the “**Administrative Agent**”), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption Agreement as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor’s rights and obligations in its capacity as a Term Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor in respect of the Term Loans identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Term Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “**Assigned Interest**”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption Agreement, without representation or warranty by the Assignor.

1. Assignor (the “**Assignor**”): [Assignor is [not] a Defaulting Lender]
2. Assignee (the “**Assignee**”):
3. Borrower: Bright Horizons Family Solutions LLC
4. Administrative Agent: Goldman Sachs Bank USA
5. Assigned Interest:

Facility <sup>(1)</sup>	Aggregate Amount of Loans of all Lenders <sup>(2)</sup>	Amount of Loans Assigned	Percentage Assigned of Loans <sup>(3)</sup>
	\$	\$	%

[Trade Date: \_\_\_\_\_](4)

Effective Date: \_\_\_\_\_, 20[ ] [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

- 
- (1) Specify the Class of Term Loans under the Credit Agreement that are being assigned under this Assignment and Assumption Agreement (i.e., Term B Loans, Incremental Term Loans, Extended Term Loans or Other Term Loans).
  - (2) Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
  - (3) Set forth, to at least 8 decimals, as a percentage of the Loans of all Lenders thereunder.
  - (4) To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.
-

The terms set forth in this Assignment and Assumption Agreement are hereby agreed to:

[NAME OF ASSIGNOR], as Assignor

By: \_\_\_\_\_  
Name:  
Title:

[NAME OF ASSIGNEE], as Assignee

By: \_\_\_\_\_  
Name:  
Title:

*[Affiliated Lender Assignment and Assumption Agreement]*

---

[Consented to and] To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement. Accepted:

GOLDMAN SACHS BANK USA, as Administrative Agent

By: \_\_\_\_\_

Name:

Title:

---

[BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
 Name:  
 Title:

Title:] To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

**STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION AGREEMENT<sup>(1)</sup>**

1. Representations and Warranties Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption Agreement and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Holdings, the Borrower or any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Holdings, the Borrower or any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01(a) and (b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on any Agent or any other Lender, and (v) attached to this Assignment and Assumption Agreement is any documentation required to be delivered by it pursuant to the Credit Agreement, including any documentation required pursuant to Section 3.01 of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Assignor, any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender, and (iii) any assignment to an Affiliated Lender which after giving effect to the purchase and assumption of the Assigned Interest, results in the aggregate principal amount of Term Loans of all Classes held at any one time by Affiliated Lenders exceeding 25% of Term Loans of all Classes at such time outstanding under the Credit Agreement will be void ab initio with respect to such excess amount[; and (c) represents and warrants to the Assignor that [it does not possess any material non-public information with respect to Holdings and its Subsidiaries or the securities of any of them that has not been disclosed to the Lenders generally (other than Lenders who elect not to receive such information)]. [The Assignee is unable to represent and warrant that it does not possess any material non-public information with respect to Holdings and its Subsidiaries or the securities of any of them that has not been disclosed to the Lenders generally (other than Lenders who elect not to receive such information).] In connection with an assignment resulting from a Dutch auction or other offer to purchase open to all Lenders on a pro rata basis in accordance with procedures of the type described in Section 2.06(a)(iv) of the Credit Agreement, insert clause (c) or the last sentence unless the Assignor is an Affiliated Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued

from and after the Effective Date.

General Provisions. This Assignment and Assumption Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted by the Credit Agreement. This Assignment and Assumption Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Assignment and Assumption Agreement shall be effective as delivery of an original executed counterpart of this Assignment and Assumption Agreement. This Assignment and Assumption Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

- 
- (1) Capitalized terms used in this Assignment and Assumption Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto.
-

FORM OF NOTICE OF AFFILIATE ASSIGNMENT

Goldman Sachs Bank USA
200 West Street
New York, NY 10282
Attention: [ ]
Facsimile: [ ]

Bright Horizons Family Solutions LLC
200 Talcott Avenue South
Watertown, MA 02472
Attention: Chief Financial Officer
Facsimile: [ ]

Re: Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Bright Horizons Family Solutions LLC (the "Borrower"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "Administrative Agent"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto.

Dear Sir:

The undersigned (the "Proposed Affiliate Assignee") hereby gives you notice, pursuant to Section 10.07(k)(v) of the Credit Agreement, that

- (a) it has entered into an agreement to purchase via assignment a portion of the Term Loans under the Credit Agreement,
(b) the assignor in the proposed assignment is [ ],
(c) immediately after giving effect to such assignment, the Proposed Affiliate Assignee will be an Affiliated Lender,
(d) the principal amount of Term Loans to be purchased by such Proposed Affiliate Assignee in the assignment contemplated hereby is \$ \_\_\_\_\_,
(e) the aggregate amount of all Term Loans held by such Proposed Affiliate Assignee and each other Affiliated Lender after giving effect to the assignment hereunder (if accepted) is \$ \_\_\_\_\_,
(f) it, in its capacity as a Term Lender under the Credit Agreement, hereby waives any right to bring any action against the Administrative Agent with respect to the Term Loans that are the subject of the proposed assignment hereunder, and
(g) the proposed effective date of the assignment contemplated hereby is [ ], 20\_\_].

[Affiliate Assignment]

Very truly yours,

[EXACT LEGAL NAME OF PROPOSED AFFILIATE ASSIGNEE]

By: \_\_\_\_\_

Name:

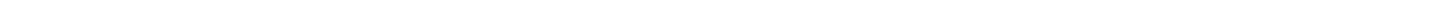
Title:

Phone Number:

Fax:

Email:

Date:





GUARANTY

dated as of

January 30, 2013,

among

BRIGHT HORIZONS FAMILY SOLUTIONS LLC,

BRIGHT HORIZONS CAPITAL CORP.,

THE SUBSIDIARIES OF BRIGHT HORIZONS FAMILY SOLUTIONS LLC

IDENTIFIED HEREIN

and

GOLDMAN SACHS BANK USA,  
as Administrative Agent

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This GUARANTY, dated as of January 30, 2013, among BRIGHT HORIZONS FAMILY SOLUTIONS LLC (the “Borrower”), BRIGHT HORIZONS CAPITAL CORP. (“Holdings”), the Subsidiaries of the Borrower party hereto from time to time, and GOLDMAN SACHS BANK USA, as Administrative Agent on behalf of the Secured Parties.

Reference is made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, Holdings, each Lender from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender, and L/C Issuer and the other agents and parties party thereto.

The Lenders have agreed to extend credit to the Borrower subject to the terms and conditions set forth in the Credit Agreement, the Hedge Banks have agreed to enter into and/or maintain one or more Secured Hedge Agreements on the terms and conditions set forth therein and the Cash Management Banks have agreed to provide and/or maintain Cash Management Services on the terms and conditions agreed upon by the Borrower or the respective Restricted Subsidiary and such Cash Management Bank. The obligations of the Lenders to extend such credit, the obligation of the Hedge Banks to enter into and/or maintain such Secured Hedge Agreements and the obligation of the Cash Management Banks to provide and/or maintain Cash Management Services are, in each case, conditioned upon, among other things, the execution and delivery of this Agreement by each Guarantor. Holdings, the Borrower and the Subsidiary Guarantors are affiliates of one another, are an integral part of a consolidated enterprise and will derive substantial direct and indirect benefits from (i) the extensions of credit to the Borrower pursuant to the Credit Agreement, (ii) the entering into and/or maintaining by the Hedge Banks of Secured Hedge Agreements with the Borrower and/or one or more of its Restricted Subsidiaries and (iii) the providing and/or maintaining of Cash Management Services by the Cash Management Banks to the Borrower and/or one or more of its Restricted Subsidiaries, and are willing to execute and deliver this Agreement in order to induce the Lenders to extend such credit, the Hedge Banks to enter into and/or maintain such Secured Hedge Agreements and the Cash Management Banks to provide and/or maintain such Cash Management Services.

Accordingly, in consideration of the foregoing and other benefits accruing to each Guarantor, the receipt and sufficiency of which are hereby acknowledged, each Guarantor hereby covenants and agrees with each other Guarantor and the Administrative Agent for the benefit of the Secured Parties as follows:

## ARTICLE I

### Definitions

#### Section 1.01 Credit Agreement.

(a) Capitalized terms used in this Agreement, including the preamble and introductory paragraphs hereto, and not otherwise defined herein have the meanings specified in the Credit Agreement.

(b) The rules of construction specified in Article I of the Credit Agreement also apply to this Agreement.

#### Section 1.02 Other Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“Accommodation Payment” has the meaning assigned to such term in Article III.

“Agreement” means this Guaranty.

“Allocable Amount” has the meaning assigned to such term in Article III.

“Credit Agreement” has the meaning assigned to such term in the preliminary statement of this Agreement.

“Guaranteed Obligations” mean the “Obligations” as defined in the Credit Agreement.

“Guarantor” means each of Holdings, each Subsidiary Guarantor party hereto and each other Person that becomes a party to this Agreement after the Closing Date pursuant to Section 4.14; provided that if any such Guarantor is released from its obligations hereunder as provided in Section 4.13, such Person shall cease to be a Guarantor hereunder effective upon such release.

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“Guaranty Supplement” means an instrument substantially in the form of Exhibit I hereto.

“Secured Credit Document” shall mean each Loan Document, each Secured Hedge Agreement and any agreement evidencing any Cash Management Obligation.

“UFCA” has the meaning assigned to such term in Article III.

“UFTA” has the meaning assigned to such term in Article III.

## ARTICLE II

### Guarantee

Section 2.01 Guarantee. Each Guarantor irrevocably, absolutely and unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment and performance of the Guaranteed Obligations, in each case, whether such Guaranteed Obligations are now existing or hereafter incurred under, arising out of or in connection with any Secured Credit Document, and whether at maturity, by acceleration or otherwise. Each of the Guarantors further agrees that the Guaranteed Obligations may be extended, increased, renewed, amended or modified, in whole or in part, without notice to, or further assent from such Guarantor, and that such Guarantor will remain bound upon its guarantee hereunder notwithstanding any such extension, increase, renewal, amendment or modification of any Guaranteed Obligation. Each of the Guarantors waives, to the fullest extent permitted under applicable law, presentment to, demand of payment from, and protest to, the applicable Guarantor or any other Loan Party of any of the Guaranteed Obligations, and also waives, to the fullest extent permitted under applicable law, notice of acceptance of its guarantee and notice of protest for nonpayment.

Section 2.02 Guarantee of Payment. Each of the Guarantors further agrees that its guarantee hereunder constitutes a guarantee of payment when due and not of collection, and, to the fullest extent permitted under applicable law, waives any right to require that any resort be had by the Administrative Agent or any other Secured Party to any security held for the payment of any of the Guaranteed Obligations, or to any balance of any deposit account or credit on the books of the Administrative Agent or any other Secured Party in favor of any Guarantor or any other Person. The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor or the Borrower and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor, any other guarantor or the Borrower and whether or not any other Guarantor, any other guarantor or the Borrower be joined in any such action or actions. Any payment required to be made by a Guarantor hereunder may be required by the Administrative Agent or any other Secured Party on any number of occasions.

Section 2.03 No Limitations. (a) Except for termination or release of a Guarantor’s obligations hereunder as expressly provided in Section 4.13, to the fullest extent permitted by applicable law, but without prejudice to Section 2.04, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations, or otherwise. Without limiting the generality of the foregoing, to the fullest extent permitted by applicable law and except for termination or release of a Guarantor’s obligations hereunder in accordance with the terms of Section 4.13, the obligations of each Guarantor hereunder shall not be discharged, impaired or otherwise affected by (i) the failure of the Administrative Agent or any other Secured Party to assert any claim or demand or to enforce any right or remedy under the provisions of any Secured Credit Document or otherwise; (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Secured Credit Document or any other agreement, including with respect to any other Guarantor under this Agreement; (iii) the release of any security held by the Collateral Agent or any other Secured Party for the Guaranteed Obligations; (iv) any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations; (v) the failure to perfect any security interest in, or the release of, any of the Collateral held by or on behalf of the Collateral Agent or any other Secured Party; (vi) the lack of legal existence of the Borrower or any Guarantor or legal obligation to discharge any of the Guaranteed Obligations by Borrower or any Guarantor for any reason whatsoever, including, without limitation, in any insolvency, bankruptcy or reorganization of any Loan Party; or (vii) any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of law or equity (in each case, other than the payment in full of all the Guaranteed Obligations (other than (x) obligations under Secured Hedge Agreements not yet due and payable, (y) Cash Management Obligations not yet due and payable and (z) contingent indemnification obligations not yet accrued and payable) and the expiration or termination of all Letters of Credit (unless the Outstanding Amount of the L/C Obligations related thereto have been Cash Collateralized, backstopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer

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or deemed reissued under another agreement reasonably satisfactory to the applicable L/C Issuer). Each Guarantor expressly acknowledges that the applicable Secured Parties may take and hold security for the payment and performance of the Guaranteed Obligations, exchange, waive or release any or all such security (with or without consideration), enforce or apply such security and direct the order and manner of any sale thereof in their sole discretion or release or substitute any one or more other guarantors or obligors upon or in respect of the Guaranteed Obligations all without affecting the obligations of any Guarantor hereunder. Anything contained in this Agreement to the contrary notwithstanding, the obligations of each Guarantor under this Agreement shall be limited to an aggregate amount equal to the largest amount that would not render its obligations under this Agreement subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code of the United States or any comparable provisions of any similar federal or state law.

(b) To the fullest extent permitted by applicable law and except for termination or release of a Guarantor's obligations hereunder in accordance with the terms of Section 4.13, but without prejudice to Section 2.04, to the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of any defense of the Borrower of any other Guarantor or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower or any other Guarantor, other than the payment in full of all the Guaranteed Obligations (other than (x) obligations under Secured Hedge Agreements not yet due and payable, (y) Cash Management Obligations not yet due and payable and (z) contingent indemnification obligations not yet accrued and payable) and the expiration or termination of all Letters of Credit (unless the Outstanding Amount of the L/C Obligations related thereto have been Cash Collateralized, backstopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably satisfactory to the applicable L/C Issuer). The Administrative Agent and the other Secured Parties may in accordance with the terms of the Collateral Documents, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with the Borrower or any Guarantor or exercise any other right or remedy available to them against the Borrower or any Guarantor, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full (other than (x) obligations under Secured Hedge Agreements not yet due and payable, (y) Cash Management Obligations not yet due and payable and (z) contingent indemnification obligations not yet accrued and payable) and all Letters of Credit have expired or terminated (unless the Outstanding Amount of the L/C Obligations related thereto have been Cash Collateralized, backstopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably satisfactory to the applicable L/C Issuer). To the fullest extent permitted by applicable law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any Guarantor, as the case may be, or any security.

Section 2.04 Reinstatement. Notwithstanding anything to the contrary contained in this Agreement, each of the Guarantors agrees that (i) its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Guaranteed Obligation is rescinded or must otherwise be restored by the Administrative Agent or any other Secured Party upon the bankruptcy or reorganization of the Borrower or any Guarantor or otherwise and (ii) the provisions of this Section 2.04 shall survive termination of this Agreement.

Section 2.05 Agreement To Pay; Subrogation. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any Guarantor to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent for distribution to the applicable Secured Parties the amount of such unpaid Guaranteed Obligation. Upon payment by any Guarantor of any sums to the Administrative Agent as provided above, all rights of such Guarantor against the Borrower or any Guarantor arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subject to Article III.

Section 2.06 Information. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each Guarantor's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or the other Secured Parties will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

### ARTICLE III

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Indemnity, Subrogation and Subordination

Upon payment by any Guarantor of any Guaranteed Obligations, all rights of such Guarantor against the Borrower or any Guarantor arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior payment in full of all the Guaranteed Obligations and the termination of all Commitments to any Loan Party under any Loan Document. If any amount shall erroneously be paid to the Borrower or any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of the Borrower or any Guarantor, such amount shall be held in trust for the benefit of the Secured Parties and shall promptly be paid to the Administrative Agent to be credited against the payment of the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement and the other Loan Documents. Subject to the foregoing, to the extent that any Guarantor shall, under this Agreement, repay any of the Guaranteed Obligations (an "Accommodation Payment"), then the Guarantor making such Accommodation Payment shall be entitled to contribution and indemnification from, and be reimbursed by, each of the other Guarantors in an amount equal to a fraction of such Accommodation Payment, the numerator of which fraction is such other Guarantor's Allocable Amount and the denominator of which is the sum of the Allocable Amounts of all of the Guarantors; provided that such rights of contribution and indemnification shall be subordinated to the prior payment in full of all of the Guaranteed Obligations. As of any date of determination, the "Allocable Amount" of each Guarantor shall be equal to the maximum amount of liability for Accommodation Payments which could be asserted against such Guarantor hereunder without (a) rendering such Guarantor "insolvent" within the meaning of Section 101(31) of the Bankruptcy Code of the United States, Section 2 of the Uniform Fraudulent Transfer Act ("UFTA") or Section 2 of the Uniform Fraudulent Conveyance Act ("UFCA"), (b) leaving such Guarantor with unreasonably small capital or assets, within the meaning of Section 548 of the Bankruptcy Code of the United States, Section 4 of the UFTA, or Section 5 of the UFCA, or (c) leaving such Guarantor unable to pay its debts as they become due within the meaning of Section 548 of the Bankruptcy Code of the United States or Section 4 of the UFTA, or Section 5 of the UFCA.

ARTICLE IV

Miscellaneous

Section 4.01 Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to any Guarantor shall be given to it in care of the Borrower as provided in Section 10.02 of the Credit Agreement.

Section 4.02 Waivers: Amendment. (a) No failure or delay by the Administrative Agent, any L/C Issuer, any Lender or any other Secured Party in exercising any right, remedy, power or privilege hereunder or under any other Secured Credit Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege or any abandonment or discontinuance of steps to enforce such a right, remedy, power or privilege, preclude any other or further exercise thereof, or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges of the Secured Parties hereunder and under the other Secured Credit Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges provided by law. No waiver of any provision of this Agreement or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 4.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or the issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any L/C Issuer may have had notice or knowledge of such Default at the time. No notice or demand on any Loan Party in any case shall entitle any Loan Party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 10.01 of the Credit Agreement.

Section 4.03 Administrative Agent's Fees and Expenses: Indemnification. (a) The parties hereto agree that the Administrative Agent shall be entitled to reimbursement of its reasonable out-of-pocket expenses incurred hereunder as provided in Section 10.04 of the Credit Agreement.

(b) Without limitation of its indemnification obligations under the other Secured Credit Documents, each Guarantor jointly and severally agrees to indemnify the Administrative Agent and the other Indemnitees (as defined in Section 10.05 of the Credit Agreement) against, and hold each Indemnitee harmless from, any and all liabilities, obligations, losses,

damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including Attorney Costs, but limited, in the case of legal fees and expenses, to the reasonable and documented out-of-pocket fees, disbursements and other charges of one counsel to all Indemnitees taken as a whole and, if reasonably necessary, one firm of local counsel in each relevant jurisdiction, and solely in the case of an actual or potential conflict of interest, one additional counsel in each relevant jurisdiction to each group of similarly situated affected Indemnitees), of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of, or in connection with, the execution, delivery, performance, administration or enforcement of this Agreement or any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation or proceeding) and whether or not any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements resulted from: (x) the gross negligence, bad faith or willful misconduct of, or material breach of this Agreement by, such Indemnitee or of any affiliate, director, officer, employee, counsel, agent or attorney-in-fact of such Indemnitee as determined by a court of competent jurisdiction in a final and non-appealable decision or (y) any dispute solely among Indemnitees that does not involve an act or omission by the Guarantors (other than any claims against an Indemnitee in its capacity or in fulfilling its role as an administrative agent or any similar role under any Facility) (as determined by a court of competent jurisdiction in a final and non-appealable judgment of a court of competent jurisdiction). No Guarantor or Indemnitee shall have any liability for any special, punitive, indirect or consequential damages relating to this Agreement or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date) (other than, in the case of a Guarantor, in respect of any such damages incurred or paid by an Indemnitee to a third party).

(c) Any such amounts payable as provided hereunder shall be additional Guaranteed Obligations secured hereby and by the other Collateral Documents. The provisions of this Section 4.03 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Secured Credit Document, the consummation of the transactions contemplated hereby, the repayment of any of the Guaranteed Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Secured Credit Document, or any investigation made by or on behalf of the Administrative Agent or any other Secured Party. All amounts due under this Section 4.03 shall be payable within ten (10) Business Days of written demand therefor.

Section 4.04 Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party (including any successor or assignee of Holdings, which successor or assignee shall execute and deliver a joinder to this Agreement in form reasonably satisfactory to the Administrative Agent upon the reasonable request of the Administrative Agent); and all covenants, promises and agreements by or on behalf of any Guarantor or the Administrative Agent that are contained in this Agreement shall bind and inure to the benefit of their respective permitted successors and assigns.

Section 4.05 Survival of Agreement. Without limitation of any provision of the Credit Agreement or Section 4.03 hereof, all covenants, agreements, representations and warranties made by the Guarantors in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by each Agent and the Lenders and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any Agent or Lender or on its behalf and notwithstanding that the Administrative Agent, any L/C Issuer or any Lender may have had notice or knowledge of any Default or Event of Default at the time any credit is extended under any Loan Document, and shall continue in full force and effect until this Agreement is terminated as provided in Section 4.13 hereof, or with respect to any individual Guarantor until such Guarantor is otherwise released from its obligations under this Agreement in accordance with the terms hereof.

Section 4.06 Counterparts; Effectiveness; Several Agreement. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement. This Agreement shall become effective as to any Guarantor when a counterpart hereof executed on behalf of such Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Guarantor and the Administrative Agent and their respective permitted successors and assigns. The Administrative Agent may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or delivery the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means. This Agreement shall be construed as a separate agreement with respect to each Guarantor and may be amended, restated, modified, supplemented,

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waived or released with respect to any Guarantor without the approval of any other Guarantor and without affecting the obligations of any other Guarantor hereunder.

Section 4.07 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 4.08 Right of Set-Off. In addition to any rights and remedies of the Lenders provided by Law, upon the occurrence and during the continuance of any Event of Default, each Lender and its Affiliates is authorized at any time and from time to time, without prior notice to the Borrower or any other Guarantor, any such notice being waived by the Borrower and each Guarantor to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, at any time held by, and other Indebtedness at any time owing by, such Lender and/or such Affiliates to or for the credit or the account of the respective Loan Parties against any and all Guaranteed Obligations owing to such Lender and/or such Affiliates hereunder, now or hereafter existing, irrespective of whether or not such Lender or Affiliate shall have made demand under this Agreement and although such Guaranteed Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or Indebtedness. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set off and application made by such Lender; provided, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section 4.08 are in addition to other rights and remedies (including other rights of setoff) that such Lender may have.

Section 4.09 Governing Law; Jurisdiction; Consent to Service of Process. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

(a) EACH OF THE LOAN PARTIES AND THE ADMINISTRATIVE AGENT FOR ITSELF AND ON BEHALF OF THE SECURED PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. EACH PARTY HERETO AGREES THAT THE AGENTS AND LENDERS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION IN CONNECTION WITH THE EXERCISE OF ANY RIGHTS UNDER ANY COLLATERAL DOCUMENT OR THE ENFORCEMENT OF ANY JUDGMENT.

(b) EACH OF THE LOAN PARTIES AND THE ADMINISTRATIVE AGENT FOR ITSELF AND ON BEHALF OF THE SECURED PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 4.01. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section 4.10 WAIVER OF JURY TRIAL.

EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER

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NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 4.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 4.12 Obligations Absolute. To the extent permitted by law, all rights of the Administrative Agent hereunder and all obligations of each Guarantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any other Secured Credit Document, any other agreement with respect to any of the Guaranteed Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document, any other Secured Credit Document or any other agreement or instrument, (c) any release or amendment or waiver of or consent under or departure from any guarantee guaranteeing all or any portion of the Guaranteed Obligations or (d) subject only to termination of a Guarantor's obligations hereunder in accordance with the terms of Section 4.13, any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Guarantor in respect of the Guaranteed Obligations or this Agreement.

Section 4.13 Termination or Release. (a) This Agreement and the Guarantees made herein shall terminate with respect to all Guaranteed Obligations upon termination of the Aggregate Commitments, payment in full of all outstanding Guaranteed Obligations (other than (x) obligations under Secured Hedge Agreements not yet due and payable, (y) Cash Management Obligations not yet due and payable and (z) contingent indemnification obligations not yet accrued and payable) and the expiration or termination of all Letters of Credit (unless the Outstanding Amount of the L/C Obligations related thereto have been Cash Collateralized, backstopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably satisfactory to the applicable L/C Issuer).

(b) A Guarantor shall automatically be released from its obligations hereunder in the circumstances set forth in Section 9.11(c) of the Credit Agreement.

(c) In connection with any termination or release pursuant to paragraph (a) or (b) above, the Administrative Agent shall promptly execute and deliver to any Guarantor, at such Guarantor's expense, all documents that such Guarantor shall reasonably request to evidence such termination or release and shall perform such other actions reasonably requested by such Guarantor to effect such release. Any execution and delivery of documents pursuant to this Section 4.13 shall be without recourse to or warranty by the Administrative Agent.

(d) At any time that the Borrower desires that the Administrative Agent take any of the actions described in the immediately preceding clause (c), it shall, upon request of the Administrative Agent, deliver to the Administrative Agent an officer's certificate certifying that the release of the respective Guarantor is permitted pursuant to paragraph (a) or (b) above. The Administrative Agent shall have no liability whatsoever to any Secured Party as a result of any release of any Guarantor by it as permitted (or which the Administrative Agent in good faith believes to be permitted) by this Section 4.13.

(e) Notwithstanding anything to the contrary set forth in this Agreement, each Cash Management Bank and each Hedge Bank by the acceptance of the benefits under this Agreement hereby acknowledge and agree that (i) the obligations of the Borrower or any Subsidiary under any Secured Hedge Agreement and the Cash Management Obligations shall be guaranteed pursuant to this Agreement only to the extent that, and for so long as, the other Guaranteed Obligations are so guaranteed and (ii) any release of a Guarantor effected in the manner permitted by this Agreement shall not require the consent of any Hedge Bank or Cash Management Bank.

Section 4.14 Additional Restricted Subsidiaries. Pursuant to Section 6.11 of the Credit Agreement, certain Restricted Subsidiaries of the Loan Parties that were not in existence or not Restricted Subsidiaries on the date of the Credit Agreement are required to enter in this Agreement as Guarantors upon becoming a Restricted Subsidiary. In addition, certain Restricted Subsidiaries of the Loan Parties that are not required under the Credit Agreement to enter in this Agreement as Guarantors may elect to do so at their option. Upon execution and delivery by the Administrative Agent and a Restricted Subsidiary of a Guaranty Supplement, such Restricted Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any other Loan

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Party hereunder. The rights and obligations of each Loan Party hereunder shall remain in full force and effect notwithstanding the addition of any new Loan Party as a party to this Agreement.

Section 4.15 Recourse. This Agreement is made with full recourse to each Guarantor and pursuant to and upon all the covenants and agreements on the part of such Guarantor contained herein, in the Loan Documents and the other Secured Credit Documents and otherwise in writing in connection herewith or therewith.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

**BRIGHT HORIZONS FAMILY SOLUTIONS LLC,**  
as Borrower

By: \_\_\_\_\_  
Name:  
Title:

**BRIGHT HORIZONS CAPITAL CORP.,**  
as Holdings

By: \_\_\_\_\_  
Name:  
Title:

**BRIGHT HORIZONS LLC,**  
as a Subsidiary Guarantor

By: \_\_\_\_\_  
Name:  
Title:

**BRIGHT HORIZONS CHILDREN'S CENTERS LLC,**  
as a Subsidiary Guarantor

By: \_\_\_\_\_  
Name:  
Title:

**CORPORATE FAMILY SOLUTIONS LLC,**  
as a Subsidiary Guarantor

By: \_\_\_\_\_  
Name:  
Title:

**RESOURCES IN ACTIVE LEARNING,**  
as a Subsidiary Guarantor

By: \_\_\_\_\_  
Name:  
Title:

**GOLDMAN SACHS BANK USA,**  
as Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to Guaranty]*

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SUBSIDIARY GUARANTORS

CorporateFamily Solutions LLC  
Bright Horizons LLC  
Bright Horizons Children's Centers LLC  
Resources in Active Learning

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SUPPLEMENT NO. \_\_, dated as of [•], to the Guaranty, dated as of January 30, 2013 (the “Guaranty”), among BRIGHT HORIZONS FAMILY SOLUTIONS LLC (the “Borrower”), BRIGHT HORIZONS CAPITAL CORP. (“Holdings”), the Subsidiaries of the Borrower party thereto from time to time and GOLDMAN SACHS BANK USA, as Administrative Agent.

(i) Reference is made to (i) the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, Holdings, each Lender from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, and the other agents and parties thereto, (ii) each Secured Hedge Agreement (as defined in the Credit Agreement) and (iii) the Cash Management Obligations (as defined in the Credit Agreement).

(ii) Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Guaranty as applicable.

(iii) The Guarantors have entered into the Guaranty in order to induce (x) the Lenders to make Loans and the L/C Issuers to issue Letters of Credit, (y) the Hedge Banks to enter into and/or maintain Secured Hedge Agreements and (z) the Cash Management Banks to provide Cash Management Services. Section 4.14 of the Guaranty provides that additional Restricted Subsidiaries of the Borrower may become Guarantors under the Guaranty by execution and delivery of an instrument in the form of this Supplement. The undersigned Restricted Subsidiary (the “New Subsidiary”) is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guaranty in order to, among other things, induce the Lenders to make additional Loans and the L/C Issuers to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Administrative Agent and the New Subsidiary agree as follows:

Section 1. In accordance with Section 4.14 of the Guaranty, the New Subsidiary by its signature below becomes a Guarantor under the Guaranty with the same force and effect as if originally named therein as a Guarantor and the New Subsidiary hereby agrees to all the terms and provisions of the Guaranty applicable to it as a Guarantor thereunder. Each reference to a “Guarantor” in the Guaranty shall be deemed to include the New Subsidiary as if originally named therein as a Guarantor. The Guaranty is hereby incorporated herein by reference.

Section 2. The New Subsidiary represents and warrants to the Administrative Agent and the other Secured Parties that (i) it has the power and authority to enter into this Supplement and (ii) this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws, general principles of equity and an implied covenant of good faith and fair dealing.

Section 3. This Supplement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Supplement shall become effective when the Administrative Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary and the Administrative Agent has executed a counterpart hereof. Delivery by telecopier or by electronic .pdf copy of an executed counterpart of a signature page to this Supplement shall be effective as delivery of an original executed counterpart of this Supplement. The Administrative Agent may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means.

Section 4. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 6. If any provision of this Supplement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Supplement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

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Section 7. All communications and notices hereunder shall be in writing and given as provided in Section 4.01 of the Guaranty.

Section 8. The New Subsidiary agrees to reimburse the Administrative Agent, on the same terms and to the same extent as provided for in section 4.03 of the Guaranty, for its reasonable out-of-pocket expenses in connection with this Supplement, including all Attorney Costs of counsel for the Administrative Agent.

\* \* \*

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IN WITNESS WHEREOF, the New Subsidiary and the Administrative Agent have duly executed this Supplement to the Guaranty as of the day and year first above written.

[NAME OF NEW SUBSIDIARY]

By: \_\_\_\_\_  
Name:  
Title:

GOLDMAN SACHS BANK USA,  
as Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

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SECURITY AGREEMENT

dated as of

January 30, 2013

among

BRIGHT HORIZONS FAMILY SOLUTIONS LLC,

BRIGHT HORIZONS CAPITAL CORP.,

THE SUBSIDIARIES OF BRIGHT HORIZONS FAMILY SOLUTIONS LLC

IDENTIFIED HEREIN

and

GOLDMAN SACHS BANK USA,  
as Collateral Agent

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EXHIBITS

- Exhibit I - Form of Security Agreement Supplement
  - Exhibit II - Form of Copyright Security Agreement
  - Exhibit III - Form of Patent Security Agreement
  - Exhibit IV - Form of Trademark Security Agreement
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SECURITY AGREEMENT dated as of January 30, 2013, among BRIGHT HORIZONS FAMILY SOLUTIONS LLC (the “Borrower”), BRIGHT HORIZONS CAPITAL CORP. (“Holdings”), the Subsidiaries of the Borrower party hereto from time to time and GOLDMAN SACHS BANK USA, as Collateral Agent for the Secured Parties.

Reference is made to (i) the Credit Agreement dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, Holdings, each Lender (as defined in the Credit Agreement) from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer, and the other agents and parties party thereto, (ii) each Guaranty (as defined in the Credit Agreement), (iii) each Secured Hedge Agreement (as defined in the Credit Agreement) and (iv) the Cash Management Obligations (as defined in the Credit Agreement).

The Lenders have agreed to extend credit to the Borrower subject to the terms and conditions set forth in the Credit Agreement, the Hedge Banks have agreed to enter into and/or maintain one or more Secured Hedge Agreements on the terms and conditions set forth therein and the Cash Management Banks have agreed to provide and/or maintain Cash Management Services on the terms and conditions agreed upon by, the Borrower or the respective Restricted Subsidiary and the respective Cash Management Bank. The obligations of the Lenders to extend such credit, the obligation of the Hedge Banks to enter into and/or maintain such Secured Hedge Agreements and the obligation of the Cash Management Bank to provide and/or maintain such Cash Management Services are, in each case, conditioned upon, among other things, the execution and delivery of this Agreement by each Grantor. The Grantors are affiliates of one another, will derive substantial benefits from (i) the extensions of credit to the Borrower pursuant to the Credit Agreement, (ii) the entering into and/or maintaining by the Hedge Banks of Secured Hedge Agreements with the Borrower and/or one or more of the Restricted Subsidiaries and (iii) the providing and/or maintaining of Cash Management Services by the Cash Management Banks to the Borrower and/or one or more of its Restricted Subsidiaries, and are willing to execute and deliver this Agreement in order to induce the Lenders to extend such credit, the Hedge Banks to enter into and maintain such Secured Hedge Agreements and the Cash Management Banks to provide and/or maintain such Cash Management Services. Accordingly, the parties hereto agree as follows:

## ARTICLE I

### Definitions

Section 1.01. Credit Agreement.. (a) Capitalized terms used in this Agreement, including the preamble and introductory paragraphs hereto, and not otherwise defined herein have the meanings specified in the Credit Agreement. All terms defined in the New York UCC (as defined herein) and not defined in this Agreement or in the Credit Agreement have the meanings specified therein; the term “instrument” shall have the meaning specified in Article 9 of the New York UCC.

- (a) The rules of construction specified in Article I of the Credit Agreement also apply to this Agreement.

Section 1.02. Other Defined Terms.. As used in this Agreement, the following terms have the meanings specified below:

“Account Debtor” means any Person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

“After-Acquired Intellectual Property” has the meaning assigned to such term in Section 4.02(d).

“Agreement” means this Security Agreement.

“Article 9 Collateral” has the meaning assigned to such term in Section 3.01(a).

“Bankruptcy Event of Default” means any Event of Default under Section 8.01(f) of the Credit Agreement.

“Collateral” means the Article 9 Collateral and the Pledged Collateral.

“Controlled” means, with respect to any Intellectual Property right, the possession (whether by ownership or license, other than pursuant to this Agreement) by a party of the right to grant to another party an interest as provided herein under such item or right without violating the terms of any agreement or other arrangements with any third party existing before or after the Closing Date.

“Copyright License” means any written agreement, now or hereafter in effect, (1) granting to any third party any right under an Owned Copyright or any Copyright that a Grantor otherwise has the right to grant a license under, or (2) granting to any Grantor any right under any Copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

“Copyright Security Agreement” shall mean an agreement substantially in the form of Exhibit II hereto.

“Copyrights” means: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether the holder of such rights is an author, assignee, transferee or otherwise entitled to such rights, whether registered or unregistered and whether published or unpublished; (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule 7(b) of the Perfection Certificate; and (c) all (i) rights and privileges arising under applicable Laws with respect to the use of such copyrights, (ii) reissues, renewals, continuations and extensions or restorations thereof and amendments thereto, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

“Credit Agreement” has the meaning assigned to such term in the preliminary statement of this Agreement.

“Domain Names” means all Internet domain names and associated URL addresses in or to which any Grantor now or hereafter has any right, title or interest.

“Excluded Assets” has the meaning assigned to such term in the Credit Agreement.

“General Intangibles” has the meaning provided in Article 9 of the New York UCC and shall in any event include all choses in action and causes of action and all other intangible personal property of every kind and nature now owned or hereafter acquired by any Grantor, as the case may be, including corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, Swap Contracts and other agreements), goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor, as the case may be, to secure payment by an Account Debtor of any of the Accounts.

“Grantor” means each of Holdings, the Borrower and each Subsidiary Guarantor listed on the signature pages hereto or that becomes a party hereto pursuant to Section 7.14.

“Intellectual Property” means all intellectual and similar property of every kind and nature, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software, databases, all other proprietary information, including but not limited to Domain Names, and all embodiments or fixations thereof and related documentation, registrations, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

“Intellectual Property Collateral” means the Collateral consisting of Owned Intellectual Property.

“License” means any Patent License, Trademark License, Copyright License, or other license or sublicense agreement to which any Grantor is a party.

“New York UCC” means the Uniform Commercial Code as from time to time in effect in the State of New York.

“Owned Copyrights” means Copyrights now Controlled by, or that hereafter become Controlled by Grantor, whether by acquisition, assignment, or an exclusive license, including those listed on Schedule 7(b) of the Perfection Certificate.

“Owned Intellectual Property” means Intellectual Property now Controlled by, or that hereafter becomes Controlled by, any Grantor, whether by acquisition, assignment, or an exclusive license including, but not limited to, all Intellectual Property listed on Schedules 7(a) and (b) of the Perfection Certificate.

“Owned Patents” means Patents now Controlled by, or that hereafter become Controlled by, any Grantor whether by acquisition, assignment, or an exclusive license, including those listed on Schedule 7(a) of the Perfection Certificate.

“Owned Trademarks” means Trademarks now Controlled by, or that hereafter become Controlled by, any Grantor, whether by acquisition, assignment, or an exclusive license, including those listed on Schedule 7(a) of the Perfection Certificate.

“Patent License” means any written agreement, now or hereafter in effect, (1) granting to any third party any right arising under an Owned Patent or any Patent that a Grantor otherwise has the right to grant a license under, or (2) granting to any Grantor any right arising under a Patent now or hereafter owned by any third party; and all rights of any Grantor under any such agreement.

“Patent Security Agreement” shall mean an agreement substantially in the form of Exhibit III hereto.

“Patents” means: (a) all letters patent of the United States or the equivalent thereof in any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or the equivalent thereof in any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country, including those listed on Schedule 7(a) of the Perfection Certificate; and (b) (i) rights and privileges arising under applicable Laws with respect to the use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, reexaminations, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

“Perfection Certificate” means: (a) with respect to each Grantor party to this Agreement on the Closing Date, the certificate attached hereto as Exhibit V-1 and (b) with respect to each Grantor that becomes a party to this Agreement after the Closing Date, a certificate substantially in the form of Exhibit V-2 hereto, in each case, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Responsible Officer of such Grantor; provided, however, if at any time there is more than one Perfection Certificate, the Grantors may combine all such certificates into one Perfection Certificate.

“Pledged Collateral” has the meaning assigned to such term in Section 2.01.

“Pledged Debt” has the meaning assigned to such term in Section 2.01.

“Pledged Equity” has the meaning assigned to such term in Section 2.01.

“Pledged Securities” means all Pledged Equity and Pledged Debt.

“Secured Credit Document” means each Loan Document, each Secured Hedge Agreement and any agreement evidencing any Cash Management Obligations.

“Secured Obligations” means the “Obligations” as defined in the Credit Agreement; it being acknowledged and agreed that the term “Secured Obligations” as used herein shall include each extension of credit under the Credit Agreement and all obligations of the Borrower and/or its Restricted Subsidiaries under the Secured Hedge Agreements and all Cash Management Obligations, in each case, whether outstanding on the date of this Agreement or extended from time to time after the date of this Agreement.

“Security Agreement Supplement” means an instrument substantially in the form of Exhibit I hereto.

“Security Interest” has the meaning assigned to such term in Section 3.01(a).

“Trademark License” means any written agreement, now or hereafter in effect, (1) granting to any third party any right to use any Owned Trademark or any Trademark that a Grantor otherwise has the right to grant a license under, or (2) granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement (not including vendor or distribution agreements that allow incidental use of intellectual property rights in connection with the sale or distribution of such products or services).

“Trademark Security Agreement” shall mean an agreement substantially in the form of Exhibit IV hereto.

“Trademarks” means: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, slogans, trade styles, trade dress, logos, other source or business identifiers, designs and General Intangibles of like nature, whether registered or unregistered, now existing or hereafter adopted, acquired or assigned, the goodwill of the business symbolized thereby or associated therewith, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in any State of the United States or any other country or any political subdivision thereof,

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and all extensions or renewals thereof, including those listed on Schedule 7(a) of the Perfection Certificate, but excluding any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which the grant of a security interest therein would impair the validity of enforceability of such intent-to-use trademark application under applicable federal Law, together with (b) any and all (i) rights and privileges arising under applicable Laws with respect to the use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof.

## ARTICLE II

### Pledge of Securities

Section 2.01. Pledge.. As security for the payment or performance, as the case may be, in full of the Secured Obligations, each Grantor hereby assigns and pledges to the Collateral Agent, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in, all of such Grantor's right, title and interest in, to and under (whether now existing or hereafter acquired):

a. all Equity Interests of the Borrower and of each other Subsidiary directly owned by such Grantor held by it and listed on Schedule 4 of the Perfection Certificate and any other Equity Interests of Subsidiaries directly owned in the future by such Grantor and the certificates representing all such Equity Interests (the "Pledged Equity"); provided that the Pledged Equity shall not include (i) more than 65% of the total issued and outstanding Equity Interests of: (A) any Restricted Subsidiary that is a Foreign Subsidiary and a CFC at any time and (B) each Restricted Subsidiary that is a Domestic Subsidiary and that is treated as a disregarded entity or as a partnership for United States federal income tax purposes and substantially all of the assets of which consist of Equity Interests and/or Indebtedness of one or more Foreign Subsidiaries that are CFCs; (ii) Equity Interests of Unrestricted Subsidiaries (until such time as any Unrestricted Subsidiary becomes a Restricted Subsidiary in accordance with the Credit Agreement, at which time, and without further action, this clause (ii) shall no longer apply to the Equity Interests of such Subsidiary), (iii) Margin Stock, (iv) Equity Interests of any Subsidiary if, and for so long as, in the reasonable judgment of the Collateral Agent and the Borrower (as set forth in a written agreement between the Collateral Agent and the Borrower), the cost of providing a pledge of such Equity Interests exceeds the practical benefits to the Lenders afforded thereby, (v) Equity Interests of any Subsidiary if the creation or perfection of pledges of, or security interests in, such Equity Interests would result in material adverse tax consequences to Holdings, the Borrower or any of its Subsidiaries, as reasonably determined by the Borrower in consultation with the Collateral Agent, (vi) Equity Interests of any non-wholly owned Restricted Subsidiary, but only to the extent that, and for so long as: (A) the Organization Documents or other agreements with respect to the Equity Interests of such non-wholly owned Restricted Subsidiary with other equity holders (other than any such agreement where all of the equity holders party thereto are Grantors or Subsidiaries thereof) do not permit or restrict the pledge of such Equity Interests, or (B) the pledge of such Equity Interests (including any exercise of remedies) would result in a change of control, repurchase obligation or other adverse consequence to any of the Grantors or such Restricted Subsidiary (other than the loss of such Equity Interests as a result of any such exercise of remedies), (vii) any Equity Interest if the pledge thereof or the security interest therein (A) is prohibited by applicable Law other than to the extent such prohibition is rendered ineffective under the UCC or other applicable Laws or (B) to the extent and for so long as it would violate the terms of any written agreement, license, lease or similar arrangement with respect to such Equity Interest or would require consent, approval, license or authorization (in each case, after giving effect to the relevant provisions of the UCC or other applicable Laws) or would give rise to a termination right (in favor of a Person other than Holdings, the Borrower or any Subsidiary) pursuant to any "change of control" or other similar provision under such written agreement, license or lease (except to the extent such provision is overridden by the UCC or other applicable Laws), and (viii) any other Equity Interests that constitute Excluded Assets (any Equity Interests excluded pursuant to clauses (i) through (viii) above and any Equity Interests of any Person that is not a Subsidiary, the "Excluded Equity Interests"; provided, however, that Excluded Equity Interests shall not include any Proceeds, substitutions or replacements of any Excluded Equity Interests referred to in the foregoing clauses (i) through (viii) (unless such Proceeds, substitutions or replacements would independently constitute Excluded Equity Interests referred to in the foregoing clauses (i) through (viii)));

b. promissory notes and instruments evidencing Indebtedness for borrowed money owned by a Grantor and listed opposite the name of such Grantor on Schedule 5 of the Perfection Certificate, and any promissory notes and instruments evidencing Indebtedness for borrowed money obtained in the future by such Grantor (collectively, the "Pledged Debt");

c. subject to Section 2.06, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other Proceeds received in respect of, the securities referred to in clauses (a) and (b) above;

d. subject to Section 2.06, all rights and privileges of such Grantor with respect to the securities and other property referred to in clauses (a), (b) and (c) above; and

e. all Proceeds of, and Security Entitlements in, any of the foregoing (the items referred to in clauses (a) through (d) above being collectively referred to as the “Pledged Collateral”; provided that Pledged Collateral shall not include any Excluded Assets);

TO HAVE AND TO HOLD the Pledged Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, for the benefit of the applicable Secured Parties, forever; subject, however, to the terms, covenants and conditions hereinafter set forth.

Section 2.02. Delivery of the Pledged Collateral .. a. Each Grantor agrees (to the extent not so delivered on the date hereof) to within thirty (30) days after the date hereof or if acquired after the date hereof, within thirty (30) days after receipt thereof by such Grantor (or such longer period as the Collateral Agent may agree in its reasonable discretion) deliver or cause to be delivered to the Collateral Agent, for the benefit of the applicable Secured Parties, any and all Pledged Securities (other than any uncertificated securities, but only for so long as such securities remain uncertificated) to the extent such Pledged Securities, in the case of promissory notes and instruments evidencing Indebtedness, are required to be delivered pursuant to paragraph (b) of this Section 2.02.

b. Within thirty (30) days after receipt by a Grantor (or such longer period as the Collateral Agent may agree in its reasonable discretion), each Grantor will cause any Indebtedness for borrowed money having an aggregate principal amount that is in excess of \$5,000,000 owed to such Grantor by any Person (other than a Loan Party) to be evidenced by a duly executed promissory note to be pledged and delivered to the Collateral Agent, for the benefit of the applicable Secured Parties, pursuant to the terms hereof.

c. Upon delivery to the Collateral Agent, (i) any Pledged Securities shall be accompanied by stock powers duly executed in blank or other instruments of transfer reasonably satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request and (ii) all other property comprising part of the Pledged Collateral shall be accompanied by proper instruments of assignment (if appropriate) duly executed by the applicable Grantor and such other instruments or documents as the Collateral Agent may reasonably request. Each delivery of Pledged Securities shall be accompanied by a schedule describing such Pledged Securities, which schedule shall be deemed to supplement Schedule 4 or 5 of the Perfection Certificate and made a part hereof; provided that failure to supplement any such schedule shall not affect the validity of such pledge of such Pledged Securities. Each schedule so delivered shall supplement any prior schedules so delivered.

Section 2.03. Representations and Warranties. Each of Holdings and the Borrower, jointly and severally, represents, warrants and covenants, as to itself and the other Grantors, to the Collateral Agent, for the benefit of the Secured Parties, that:

a. Schedules 4 and 5 of the Perfection Certificate (as such schedules are supplemented from time to time pursuant to Section 2.02(c) correctly set forth, as of the later of the Closing Date and the date of the most recent supplement to the Perfection Certificate delivered pursuant to Section 2.02(c), the percentage of the issued and outstanding units of each class of the Equity Interests of the issuer thereof represented by the Pledged Equity and includes all Equity Interests required to be pledged and all Pledged Debt required to be pledged and delivered hereunder in order to satisfy the Collateral and Guarantee Requirement, in each case, subject to any Disposition made in compliance with the Credit Agreement;

b. the Pledged Equity issued by the Borrower or a wholly-owned Restricted Subsidiary and Pledged Debt (solely with respect to Pledged Debt issued by a Person other than Holdings or a Subsidiary of Holdings, to the best of Holdings’ and the Borrower’s knowledge) have been duly and validly authorized and issued by the issuers thereof and (i) in the case of Pledged Equity, are fully paid and nonassessable (to the extent such concepts exist under applicable Law) and (ii) in the case of Pledged Debt (solely with respect to Pledged Debt issued by a Person other than Holdings or a Subsidiary of Holdings, to the best of Holdings’ and the Borrower’s knowledge), are legal, valid and binding obligations of the issuers thereof, subject to applicable Debtor Relief Laws, general principles of equity and an implied covenant of good faith and fair dealing;

c. each of the Grantors (i) subject to any Dispositions made in compliance with the Credit Agreement, is and will continue to be the direct owner, beneficially and of record, of the Pledged Securities indicated on Schedules 4 and 5 of the Perfection Certificate as owned by such Grantors and (ii) holds the same free and clear of all Liens, other than (A) Liens created by the Collateral Documents and (B) other Liens not prohibited by Section 7.01 of the Credit Agreement;

d. except for (i) restrictions and limitations imposed by the Loan Documents or securities laws generally or by Liens not prohibited by Section 7.01 of the Credit Agreement and (ii) customary restrictions, encumbrances and limitations in joint venture agreements and similar arrangements, the Pledged Securities are and will continue to be freely transferable and assignable, and none of the Pledged Securities are or will be subject to any option, right of first refusal, shareholders agreement, charter or by-law provisions or contractual restriction of any nature that would prohibit, impair, delay or otherwise affect in any manner material and adverse to the Secured Parties the pledge of such Pledged Securities hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder;

e. each of the Grantors has the power and authority to pledge the Pledged Collateral pledged by it hereunder in the manner hereby done or contemplated;

f. no consent or approval of any Governmental Authority, any securities exchange or any other Person was or is necessary to the validity of the pledge effected hereby (other than (i) filings and registrations necessary to perfect the Liens on the Collateral granted by the Grantors in favor of the Collateral Agent for the benefit of the Secured Parties or (ii) such as have been obtained and are in full force and effect (except to the extent not required to be obtained, taken, given, or made or to be in full force and effect pursuant to the Collateral and Guarantee Requirement);

g. by virtue of the execution and delivery by the Grantors of this Agreement, when any Pledged Securities are delivered to the Collateral Agent in the State of New York, the Collateral Agent will obtain a legal, valid and, to the extent governed by the New York UCC, first-priority perfected lien upon and security interest in such Pledged Securities as security for the payment and performance of the Secured Obligations, subject to any Lien not prohibited by and having the ranking permitted under Section 7.01 of the Credit Agreement; and

h. the pledge effected hereby is effective to vest in the Collateral Agent, for the benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral as set forth herein.

Notwithstanding anything to the contrary in this Agreement, to the extent any provision of this Agreement or the Credit Agreement excludes any assets from the scope of the Pledged Collateral, or from any requirement to take any action to perfect any security interest in favor of the Collateral Agent in the Pledged Collateral, the representations, warranties and covenants made by any relevant Grantor in this Agreement with respect to the creation, perfection or priority (as applicable) of the security interest granted in favor of the Collateral Agent (including, without limitation, this Section 2.03) shall be deemed not to apply to such excluded assets.

Section 2.04. Certification of Limited Liability Company and Limited Partnership Interests.. Each Grantor acknowledges and agrees that, to the extent any interest in any limited liability company or limited partnership controlled by any Grantor and pledged under Section 2.01 is a “security” within the meaning of Article 8 of the UCC and is governed by Article 8 of the UCC, such interest shall be represented by a certificate and such certificate shall be delivered to the Collateral Agent pursuant to Sections 2.02(a) and (c). Each Grantor further acknowledges and agrees that with respect to any interest in any limited liability company or limited partnership controlled on or after the date hereof by such Grantor and pledged hereunder that is not a “security” within the meaning of Article 8 of the UCC, such Grantor shall at no time elect to treat any such interest as a “security” within the meaning of Article 8 of the UCC, nor shall such interest be represented by a certificate, unless such election and such interest is thereafter represented by a certificate that is promptly delivered to the Collateral Agent pursuant to Sections 2.02(a) and (c).

Section 2.05. Registration in Nominee Name; Denominations. If an Event of Default shall have occurred and be continuing and the Collateral Agent shall have given the Borrower prior written notice of its intent to exercise such rights, (a) the Collateral Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion) to hold the Pledged Securities in its own name as pledgee, the name of its nominee (as pledgee or as sub-agent) or the name of the applicable Grantor, endorsed or assigned in blank or in favor of the Collateral Agent and each Grantor will promptly give to the Collateral Agent copies of any notices or other written communications received by it with respect to Pledged Securities registered in the name of such Grantor and (b) the Collateral Agent shall have the right to exchange the certificates representing Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Agreement and to the extent permitted by the documentation governing such Pledged Securities; provided that, notwithstanding the foregoing, if a Bankruptcy Event of Default shall have occurred and be continuing, the Collateral Agent shall not be required to give the notice referred to above in order to exercise the rights described above.

Section 2.06. Voting Rights; Dividends and Interest. (a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent shall have notified the Borrower that the rights of the Grantors under this Section 2.06 are being suspended:



i. Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Securities or any part thereof for any purpose consistent with the terms of this Agreement, the Credit Agreement and the other Loan Documents.

ii. The Collateral Agent shall promptly execute and deliver to each Grantor, or cause to be executed and delivered to such Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subparagraph (i) above.

iii. Each Grantor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Securities, to the extent (and only to the extent) that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable Laws; provided that any noncash dividends, interest, principal or other distributions that would constitute Pledged Equity or Pledged Debt, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by any Grantor, shall not be commingled by such Grantor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent and the applicable Secured Parties and shall be promptly (and in any event within ten (10) Business Days or such longer period as the Collateral Agent may agree in its reasonable discretion) delivered to the Collateral Agent in the same form as so received (with any necessary endorsement reasonably requested by the Collateral Agent). So long as no Event of Default has occurred and is continuing, the Collateral Agent shall promptly deliver to each Grantor any Pledged Securities in its possession if requested to be delivered to the issuer thereof in connection with any exchange or redemption of such Pledged Securities in accordance with this Section 2.06(a)(iii).

a. Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified the Borrower of the suspension of the rights of the Grantors under paragraph (a)(iii) of this Section 2.06, then all rights of any Grantor to dividends, interest, principal or other distributions that such Grantor is authorized to receive pursuant to paragraph (a)(iii) of this Section 2.06 shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by any Grantor contrary to the provisions of this Section 2.06 shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Grantor and shall be promptly (and in any event within ten (10) Business Days or such longer period as the Collateral Agent may agree in its reasonable discretion) delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsement reasonably requested by the Collateral Agent). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this paragraph (b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 5.02. After all Events of Default have been cured or waived, the Collateral Agent shall promptly repay to each Grantor (without interest) all dividends, interest, principal or other distributions that such Grantor would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) of this Section 2.06 in the absence of any such Event of Default and that remain in such account, and such Grantor's right to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Securities pursuant to Section 2.06(a) shall be automatically reinstated.

b. Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified the Borrower of the suspension of the rights of the Grantors under paragraph (a)(i) of this Section 2.06, then all rights of any Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section 2.06, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 2.06, shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that, unless otherwise directed by the Required Lenders, the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Grantors to exercise such rights. After all Events of Default have been cured or waived, each Grantor shall have the exclusive right to exercise the voting and/or consensual rights and powers that such Grantor would otherwise be entitled to exercise pursuant to the terms of paragraph (a)(i) above, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 2.06 shall be reinstated.

c. Any notice given by the Collateral Agent to the Borrower suspending the rights of the Grantors under paragraph (a) of this Section 2.06 (i) shall be given in writing, (ii) may be given with respect to one or more of the Grantors at the same or different times and (iii) may suspend the rights of the Grantors under paragraph (a)(i) or paragraph (a)(iii) in part without suspending all such rights (as specified by the Collateral Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Collateral Agent's rights to give additional notices from time to time suspending other rights so long as an Event of

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Default has occurred and is continuing. Notwithstanding anything to the contrary contained in Sections 2.06(a), (b) or (c), if a Bankruptcy Event of Default shall have occurred and be continuing, the Collateral Agent shall not be required to give any notice referred to in said Section in order to exercise any of its rights described in such Sections, and the suspension of the rights of each of the Grantors under each such Section shall be automatic upon the occurrence of such Bankruptcy Event of Default.

Section 2.07. Collateral Agent Not a Partner or Limited Liability Company Member. Nothing contained in this Agreement shall be construed to make the Collateral Agent or any other Secured Party liable as a member of any limited liability company or as a partner of any partnership and neither the Collateral Agent nor any other Secured Party by virtue of this Agreement or otherwise (except as referred to in the following sentence) shall have any of the duties, obligations or liabilities of a member of any limited liability company or as a partner in any partnership. The parties hereto expressly agree that, unless the Collateral Agent shall become the absolute owner of Pledged Equity consisting of a limited liability company interest or a partnership interest pursuant hereto, this Agreement shall not be construed as creating a partnership or joint venture among the Collateral Agent, any other Secured Party, any Grantor and/or any other Person.

### ARTICLE III

#### Security Interests in Personal Property

Section 3.01. Security Interest. As security for the payment or performance, as the case may be, in full of the Secured Obligations, each Grantor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest (the "Security Interest") in, all of such Grantor's right, title or interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Article 9 Collateral"):

- i. all Accounts;
- ii. all Chattel Paper;
- iii. all Documents;
- iv. all Equipment;
- v. all General Intangibles;
- vi. all Instruments;
- vii. all Inventory;
- viii. all Intellectual Property Collateral;
- ix. all Investment Property;
- x. all books and records pertaining to the Article 9 Collateral;
- xi. all Goods and Fixtures;
- xii. all Letter-of-Credit Rights;
- xiii. all Commercial Tort Claims described on Schedule 8 of the Perfection Certificate;
- xiv. the Cash Collateral Account (and all cash, securities and other investments deposited therein);
- xv. all Supporting Obligations;
- xvi. all Security Entitlements in any or all of the foregoing; and
- xvii. to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing;

provided that, notwithstanding anything to the contrary in this Agreement, Article 9 Collateral shall not include any, and no Security Interest shall be granted in any, Excluded Assets or Excluded Equity Interests.

- a. Subject to Section 3.03(h), each Grantor hereby irrevocably authorizes the Collateral Agent for the benefit of the Secured Parties at any time and from time to time to file in any relevant jurisdiction any financing statements or continuation statements (including fixture filings) with respect to the Article 9 Collateral or any part thereof and amendments thereto that (i) indicate the Collateral as all assets or all personal property of such Grantor or words of similar effect as being of an equal or lesser scope or with greater detail, and (ii) contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement, continuation statement or amendment, including (A) whether such Grantor is an organization, the type of organization and any organizational identification number (if any) issued to such Grantor and (B) in the case of a financing statement filed as a fixture filing, a sufficient description of the real property to which such Article 9 Collateral relates. Each Grantor agrees to provide such information to the Collateral Agent promptly upon reasonable request.

b. The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Article 9 Collateral.

c. Each Grantor hereby further authorizes the Collateral Agent to file filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office), as applicable, including the Trademark Security Agreement, Copyright Security Agreement, and Patent Security Agreement or other documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by such Grantor hereunder, without the signature of such Grantor, and naming such Grantor, as debtor, and the Collateral Agent, as secured party.

Section 3.02. Representations and Warranties. Each of Holdings and the Borrower, jointly and severally, represents and warrants, as to itself and the other Grantors, to the Collateral Agent, for the benefit of the Secured Parties, that:

a. Subject to Liens not prohibited by Section 7.01 of the Credit Agreement, each Grantor has good and valid rights in and title to the Article 9 Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Article 9 Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person other than any consent or approval that has been obtained.

b. The Perfection Certificate has been duly executed and delivered to the Collateral Agent and the information set forth therein, including the exact legal name of each Grantor, is correct and complete in all material respects as of the Closing Date. The UCC financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations prepared by the Collateral Agent based upon the information provided to the Collateral Agent in the Perfection Certificate for filing in each governmental, municipal or other office specified in Schedule 3 of the Perfection Certificate (as supplemented from time to time or specified by notice from the applicable Grantor to the Collateral Agent after the Closing Date in the case of filings, recordings or registrations required by Section 6.11 of the Credit Agreement), are all the filings, recordings and registrations that are necessary to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration with respect to such Collateral is necessary in any such jurisdiction, except as provided under applicable Laws with respect to the filing of continuation statements. Each Grantor represents and warrants that, as of the Closing Date, fully executed agreements in the form of Exhibit II, Exhibit III and Exhibit IV hereof and containing a description of all Intellectual Property Collateral with respect to United States Patents and United States registered Trademarks (and Trademarks for which United States registration applications are pending) and United States registered Copyrights have been delivered to the Collateral Agent for recording by the United States Patent and Trademark Office and the United States Copyright Office pursuant to 35 U.S.C. § 261, 15 U.S.C. § 1060 or 17 U.S.C. § 205 and the regulations thereunder, as applicable.

c. The Security Interest constitutes (i) a legal and valid security interest in all the Article 9 Collateral securing the payment and performance of the Secured Obligations, (ii) subject to the filings described in Section 3.02(b), a perfected security interest in all Article 9 Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the UCC and (iii) a security interest that shall be perfected in all Collateral in which a security interest may be perfected upon the receipt and recording of fully executed agreements in the form of Exhibit II, Exhibit III and Exhibit IV hereof with the United States Patent and Trademark Office and the United States Copyright Office, as applicable, within the three month period (commencing as of the date hereof) pursuant to 35 U.S.C. § 261 or 15 U.S.C. § 1060 or the one month period (commencing as of the date hereof) pursuant to 17 U.S.C. § 205. The Security Interest is and shall be prior to any other Lien on any of the Article 9 Collateral, other than any Lien that is not prohibited by and having the ranking permitted under Section 7.01 of the Credit Agreement.

d. The Article 9 Collateral is owned by the Grantors free and clear of any Lien, except for Liens not prohibited by Section 7.01 of the Credit Agreement. None of the Grantors has filed or consented to the filing of (i) any financing statement or analogous document under the UCC or any other applicable Laws

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covering any Article 9 Collateral, (ii) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with the United States Patent and Trademark Office or the United States Copyright Office, or (iii) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each of clauses (i), (ii) and (iii) above, for Liens not prohibited by and having the ranking permitted under Section 7.01 of the Credit Agreement.

e. All Commercial Tort Claims of each Grantor where the amount of the damages claimed by such Grantor equals or exceeds \$5,000,000 in existence on the date of this Agreement (or on the date upon which such Grantor becomes a party to this Agreement) are described on Schedule 8 of the Perfection Certificate, as supplemented pursuant to Section 3.04(c).

Section 3.03. Covenants. a. The Borrower agrees to promptly notify the Collateral Agent in writing of any change (i) in the legal name of any Grantor, (ii) in the identity or type of organization or corporate structure of any Grantor, (iii) in the jurisdiction of organization of any Grantor, or (iv) in the organizational identification number of any Grantor (if any), but solely to the extent such organizational identification number is required to be set forth on financing statements under the applicable UCC.

b. Subject to Section 3.03(h), each Grantor shall, at its own expense, upon the reasonable request of the Collateral Agent, take any and all commercially reasonable actions necessary to defend title to the Article 9 Collateral (including without limitation the Pledged Securities) against all Persons claiming an interest therein that is adverse to the interests hereunder of the Collateral Agent or any other Secured Party, except with respect to Article 9 Collateral that such Grantor determines in its reasonable business judgment is no longer necessary or beneficial to the conduct of the business, and to defend the Security Interest of the Collateral Agent in the Article 9 Collateral (including without limitation the Pledged Securities) and the priority thereof against any Lien prohibited by Section 7.01 of the Credit Agreement; provided that, nothing in this Agreement shall prevent any Grantor from discontinuing the operation or maintenance of any of its assets or properties if such discontinuance is permitted by the Credit Agreement.

c. Each year, at the time of delivery of a Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement, in connection with the delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 6.01 of the Credit Agreement, the Borrower shall deliver to the Collateral Agent a certificate executed by a Responsible Officer of the Borrower setting forth the information required pursuant to Schedules 1(a), 1(c), 1(e), 1(f), 2(b), 7(a) and 7(b) of the Perfection Certificate or confirming that there has been no change in such information since the date of such certificate or the date of the most recent certificate delivered pursuant to this Section 3.03(c).

d. Subject to Section 3.03(h) and any other express limitation in this Agreement, the Borrower agrees, on its own behalf and on behalf of each other Grantor, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any fees and Taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith. If any amount payable under or in connection with any of the Article 9 Collateral (other than by a Loan Party) that exceeds \$5,000,000 shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be promptly (and in any event within 30 days of its acquisition or such longer period as the Collateral Agent may agree in its reasonable discretion) pledged and delivered to the Collateral Agent, for the benefit of the Secured Parties, duly endorsed in a manner reasonably satisfactory to the Collateral Agent.

e. At its option, the Collateral Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Article 9 Collateral and prohibited by Section 7.01 of the Credit Agreement, and may pay for the maintenance and preservation of the Article 9 Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement and within a reasonable period of time after the Collateral Agent has requested that it do so, and each Grantor jointly and severally agrees to reimburse the Collateral Agent within ten (10) Business Days

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after demand for any reasonable payment made or any reasonable out-of-pocket and documented expense incurred by the Collateral Agent pursuant to the foregoing authorization; provided, however, the Grantors shall not be obligated to reimburse the Collateral Agent with respect to any Intellectual Property that any Grantor has failed to maintain or pursue, or otherwise allowed to lapse, terminate or be put into the public domain in accordance with Section 4.02(f). Nothing in this paragraph shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

f. If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other Person the value of which exceeds \$5,000,000 to secure payment and performance of an Account, such Grantor shall promptly assign such security interest to the Collateral Agent for the benefit of the applicable Secured Parties, unless any such security interest constitutes an Excluded Asset. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other Person granting the security interest.

g. [Reserved.]

h. Notwithstanding anything in any Loan Document to the contrary, none of the Grantors shall be required, nor is the Collateral Agent authorized: (i) to perfect the Security Interests granted by this Agreement (including Security Interests in investment property and fixtures) by any means other than by: (A) filings pursuant to the UCC in the office of the secretary of state (or similar central filing office) of the relevant State(s), and filings in the applicable real estate records with respect to any fixtures relating to Mortgaged Properties, (B) filings in United States government offices with respect to Intellectual Property Collateral of any Grantor as expressly required elsewhere herein, (C) delivery to the Collateral Agent to be held in its possession of all Collateral consisting of certificated securities or instruments as expressly required elsewhere herein or (D) other methods expressly provided herein, (ii) to perfect the security interest granted hereunder in any Letter-of-Credit Rights with a maximum amount of less than \$5,000,000 other than pursuant to the filings referred to in clause (i)(A) above, (iii) to perfect the security interest granted hereunder in motor vehicles, aircraft and other assets subject to certificates of title, (iv) other than in respect of Pledged Collateral constituting certificated securities or uncertificated securities of wholly-owned Restricted Subsidiaries directly owned by the Borrower or any Grantor, to perfect the security interests hereunder through "control" (including for the avoidance of doubt, to enter into any deposit account control agreement, securities account control agreement or any other control agreement with respect to any deposit account, securities account or any other Collateral that requires perfection by "control" other than the Cash Collateral Account), (v) to complete any filings or other action with respect to the perfection of the security interests, including of any Intellectual Property, created hereby in any jurisdiction outside of the United States or any State thereof, (vi) with respect to any Collateral, to perfect by possession of promissory notes or any other instruments evidencing an amount not in excess of \$5,000,000, (vii) to deliver any certificated securities except as expressly provided in Article II and (viii) to take any actions in any non-U.S. jurisdiction or required by the laws of any non-U.S. jurisdiction to create any security interests in assets located or titled outside of the U.S. or to perfect any security interest in such assets, including any Intellectual Property registered in any non-U.S. jurisdiction (it being understood that there shall be no security agreements or pledge agreements governed under the laws of any non-U.S. jurisdiction).

Section 3.04. Other Actions. In order to further ensure the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Security Interest, each Grantor agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Article 9 Collateral:

a. *Instruments.* If any Grantor shall at any time hold or acquire any Instruments constituting Collateral and evidencing an amount in excess of \$5,000,000, such Grantor shall, within thirty (30) days (or such longer period as the Collateral Agent may agree in its discretion), promptly endorse, assign and deliver the same to the Collateral Agent for the benefit of the applicable Secured Parties, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time reasonably request.

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b. *Investment Property.* Except to the extent otherwise provided in Article II: (i) if any Grantor shall at any time hold or acquire any certificated securities, such Grantor shall, within thirty (30) days (or such longer period as the Collateral Agent may agree in its discretion), endorse, assign and deliver the same to the Collateral Agent for the benefit of the applicable Secured Parties, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time reasonably request, (ii) if any securities now or hereafter acquired by any Grantor are uncertificated and are issued to such Grantor or its nominee directly by the issuer thereof, upon the Collateral Agent's request and following the occurrence of an Event of Default such Grantor shall promptly notify the Collateral Agent thereof and, at the Collateral Agent's reasonable request, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (A) cause the issuer to agree to comply with instructions from the Collateral Agent as to such securities, without further consent of any Grantor or such nominee, or (B) arrange for the Collateral Agent to become the registered owner of the securities, and (iii) if any securities, whether certificated or uncertificated, or other investment property are held by any Grantor or its nominee through a securities intermediary or commodity intermediary, upon the Collateral Agent's request and following the occurrence of an Event of Default, such Grantor shall immediately notify the Collateral Agent thereof and at the Collateral Agent's request and option, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent shall either (A) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from the Collateral Agent to such securities intermediary as to such security entitlements, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Collateral Agent to such commodity intermediary, in each case without further consent of any Grantor or such nominee, or (B) in the case of financial assets or other Investment Property held through a securities intermediary, arrange for the Collateral Agent to become the entitlement holder with respect to such Investment Property, with the Grantor being permitted, only with the consent of the Collateral Agent, to exercise rights to withdraw or otherwise deal with such Investment Property. Notwithstanding the foregoing, the Collateral Agent agrees with each of the Grantors that the Collateral Agent shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by any Grantor, unless an Event of Default has occurred and is continuing.

c. *Commercial Tort Claims.* If any Grantor shall at any time after the date of this Agreement acquire a Commercial Tort Claim where the amount of damages claimed equals or exceeds \$5,000,000 and for which a complaint in a court of competent jurisdiction has been filed, such Grantor shall within 30 days (or such longer period as the Collateral Agent may agree in its reasonable discretion) notify the Collateral Agent thereof in a writing signed by such Grantor and provide supplements to Schedule 8 of the Perfection Certificate describing the details thereof and shall grant to the Collateral Agent a security interest therein and in the proceeds thereof, all upon the terms of this Agreement.

d. *Letter of Credit Rights.* If any Grantor is at any time a beneficiary under a letter of credit with a stated amount of \$5,000,000 or more, such Grantor shall promptly notify the Collateral Agent thereof and, at the reasonable request of the Collateral Agent, such Grantor shall, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, use its commercially reasonable efforts to (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Collateral Agent of the proceeds of any drawing under such letter of credit or (ii) arrange for the Collateral Agent to become the transferee beneficiary of such letter of credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the letter of credit shall be delivered to such Grantor or, after the occurrence and during the continuance of an Event of Default, applied as provided in this Agreement.

#### ARTICLE IV

##### Certain Provisions Concerning Intellectual Property Collateral

Section 4.01. Grant of License to Use Intellectual Property. Without limiting the provisions of Section 3.01 hereof or any other rights of the Collateral Agent as the holder of a Security Interest in any Intellectual Property Collateral, for the purpose of enabling the Collateral Agent to exercise rights and remedies under this Agreement at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor shall, upon request by the Collateral Agent, grant to the Collateral Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Grantors and exercisable only after the occurrence and during the continuation of an Event of Default) to use, license or

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sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof; provided, however, that any such license and any such license granted by the Collateral Agent to a third party shall include reasonable and customary terms and conditions necessary to preserve the existence, validity and value of the affected Intellectual Property Collateral, including provisions requiring the continuing confidential handling of trade secrets, requiring the use of appropriate notices and prohibiting the use of false notices, quality control and inurement provisions with regard to Trademarks, patent designation provisions with regard to Patents, copyright notices and restrictions on decompilation and reverse engineering of copyrighted software (it being understood and agreed that, without limiting any other rights and remedies of the Collateral Agent under this Agreement, any other Loan Document or applicable Law, nothing in the foregoing license grant shall be construed as granting the Collateral Agent rights in and to such Intellectual Property Collateral above and beyond (x) the rights to such Intellectual Property Collateral that each Grantor has reserved for itself and (y) in the case of Intellectual Property Collateral that is licensed to any such Grantor by a third party, the extent to which such Grantor has the right to grant a sublicense to such Intellectual Property Collateral hereunder).

The use of such license by the Collateral Agent may only be exercised, at the option of the Collateral Agent, during the continuation of an Event of Default; provided that any license, sublicense or other transaction entered into by the Collateral Agent in accordance herewith shall immediately terminate at such time as the Collateral Agent is no longer lawfully entitled to exercise its rights and remedies under this Agreement. Nothing in this Section 4.01 grants, or shall require a Grantor to grant, any license that is prohibited by applicable Law, or is prohibited by, or constitutes a breach or default under or results in the termination of any existing or future contract, license, agreement, instrument or other document evidencing, giving rise to or theretofore granted, with respect to such property or otherwise unreasonably prejudices the value thereof to the relevant Grantor. Without limiting the foregoing, and notwithstanding the existence of any Event of Default, any license rights granted under the Intellectual Property Collateral hereunder are and shall be subject to all other license rights, existing or future, that are or will be granted by any Grantor to a third party. In the event the license set forth in this Section 4.01 is exercised with regard to any Trademarks, then the following shall apply: (i) all goodwill arising from any licensed or sublicensed use of any Trademark shall inure to the benefit of the Grantor; (ii) the licensed or sublicensed Trademarks shall only be used in association with goods or services of a quality and nature consistent with the quality and reputation with which such Trademarks were associated when used by Grantor prior to the exercise of the license rights set forth herein; and (iii) at the Grantor's request and expense, licensees and sublicensees shall provide reasonable cooperation in any effort by the Grantor to maintain the registration or otherwise secure the ongoing validity and effectiveness of such licensed Trademarks, including, without limitation the actions and conduct described in Section 4.02 below.

Section 4.02. Protection of Collateral Agent's Security. (a) Except to the extent permitted by Section 4.02(f) below, or to the extent that failure to act, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, with respect to registration or pending application of each item of its Intellectual Property Collateral for which such Grantor has standing to do so, each Grantor agrees to take, at its expense, all reasonable steps, including, without limitation, in the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authority located in the United States, to (i) maintain the validity and enforceability of any registered Intellectual Property Collateral and maintain such Intellectual Property Collateral in full force and effect, and (ii) pursue the registration and maintenance of each Patent, Trademark, or Copyright registration or application, now or hereafter included in such Intellectual Property Collateral of such Grantor, including, without limitation, the payment of required fees and taxes, the filing of responses to office actions issued by the U.S. Patent and Trademark Office, the U.S. Copyright Office or other governmental authorities, the filing of applications for renewal or extension, the filing of affidavits under Sections 8 and 15 of the U.S. Trademark Act, the filing of divisional, continuation, continuation-in-part, reissue and renewal applications or extensions, the payment of maintenance fees and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings.

(b) Except to the extent permitted by Section 4.02(f) below, or to the extent that failure to act, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, each Grantor shall take all reasonable steps to preserve and protect each item of its Intellectual Property Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks, consistent with the quality of the products and services as of the date hereof, and taking reasonable steps necessary to ensure that all licensed users of any of the Trademarks abide by the applicable license's terms with respect to the standards of quality.

(c) Except to the extent permitted by Section 4.02(f) below, or to the extent that action or failure to act could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, no Grantor shall do or permit any act or knowingly omit to do any act whereby any of its Intellectual Property Collateral may lapse, be terminated, or become invalid or unenforceable or placed in the public domain.

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(d) Each Grantor agrees that, should it obtain an ownership or other interest in any Intellectual Property Collateral after the Closing Date (the “After-Acquired Intellectual Property”), (i) the provisions of this Agreement shall automatically apply thereto, and (ii) any such After-Acquired Intellectual Property and, in the case of Trademarks, the goodwill symbolized thereby, shall automatically become part of the Intellectual Property Collateral subject to the terms and conditions of this Agreement with respect thereto.

(e) [Reserved.]

(f) Notwithstanding the foregoing provisions of this Section 4.02 or elsewhere in this Agreement, nothing in this Agreement shall prevent any Grantor from abandoning or discontinuing the use or maintenance of any of its Intellectual Property Collateral or placing in the public domain, or from failing to take action to enforce license agreements or pursue actions against infringers, if such Grantor determines in its reasonable business judgment that such abandonment, discontinuance, or failure to take action is desirable in the conduct of its business and Grantor shall not be required to take any action hereunder (including notice to the Collateral Agent of any such Intellectual Property Collateral or such action).

Section 4.03. After-Acquired Property. Except to the extent permitted by Section 4.02(f), promptly following delivery of the annual update described in Section 3.03(c), each Grantor shall sign and deliver to the Collateral Agent an appropriate Security Agreement Supplement and related grant of security interest with respect all of its applicable Owned Intellectual Property as of the last day of such period, to the extent that such Intellectual Property Collateral is not covered by any previous Security Agreement Supplement and related grant of security interests so signed and delivered by it. In each case, it will promptly cooperate as reasonably necessary to enable the Collateral Agent to make any necessary or reasonably desirable recordations with the United States Copyright Office or the United States Patent and Trademark Office, as appropriate.

## ARTICLE V

### Remedies

Section 5.01. Remedies Upon Default. Upon the occurrence and during the continuance of an Event of Default, it is agreed that the Collateral Agent shall have the right to exercise any and all rights afforded to a secured party with respect to the Secured Obligations, as applicable, under the UCC or other applicable Law, and also may (i) require each Grantor to, and each Grantor agrees that it will at its expense and upon request of the Collateral Agent, promptly assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place and time to be designated by the Collateral Agent that is reasonably convenient to both parties; (ii) occupy any premises owned or, to the extent lawful and permitted, leased by any of the Grantors where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Grantor in respect of such occupation; provided that the Collateral Agent shall provide the applicable Grantor with notice thereof prior to or promptly after such occupancy; (iii) exercise any and all rights and remedies of any of the Grantors under or in connection with the Collateral, or otherwise in respect of the Collateral; provided that the Collateral Agent shall provide the applicable Grantor with notice thereof prior to or promptly after such exercise; (iv) withdraw any and all cash or other Collateral from the Cash Collateral Account and to apply such cash and other Collateral to the payment of any and all Secured Obligations in the manner provided in Section 5.02 of this Agreement; (v) subject to the mandatory requirements of applicable Laws and the notice requirements described below, sell or otherwise dispose of all or any part of the Collateral securing the Secured Obligations at a public or private sale or at any broker’s board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate; and (vi) with respect to any Intellectual Property Collateral, on demand, cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Intellectual Property Collateral (provided that no such demand may be made unless an Event of Default has occurred and has continued for thirty (30) days) by the applicable Grantors to the Collateral Agent, or license or sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any such Intellectual Property Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine; provided, however, that such terms shall be subject to the provisions of Section 4.01 of this Agreement. The Collateral Agent shall be authorized at any sale of securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers of such securities to Persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any sale of Collateral shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable Law) all rights of redemption, stay and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

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The Collateral Agent shall give the applicable Grantors ten (10) days' prior written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-611 of the New York UCC or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by applicable Law, private) sale made pursuant to this Agreement, any Secured Party may bid for or purchase, free (to the extent permitted by applicable Law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by applicable Law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Secured Obligations paid in full (in which case the applicable Grantors shall be entitled to the proceeds of any such sale pursuant to Section 5.02 hereof). As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court appointed receiver. Any sale pursuant to the provisions of this Section 5.01 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the New York UCC or its equivalent in other jurisdictions.

Section 5.02. Application of Proceeds. The Collateral Agent shall apply the proceeds of any collection or sale of Collateral, including any Collateral consisting of cash, in accordance with the provisions of Section 8.04 of the Credit Agreement. The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof. It is understood and agreed that the Grantors shall remain jointly and severally liable to the extent of any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the Secured Obligations.

#### ARTICLE VI

[Reserved.]

#### ARTICLE VII

#### Miscellaneous

Section 7.01. Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to any Grantor (other than the Borrower) shall be given to it in care of the Borrower as provided in Section 10.02 of the Credit Agreement.

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Section 7.02. Waivers; Amendment.. (a) No failure or delay by the Collateral Agent, any L/C Issuer or any Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right, remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges of the Collateral Agent, the L/C Issuers and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any other rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 7.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or the issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Collateral Agent, any Lender or any L/C Issuer may have had notice or knowledge of such Default at the time. No notice or demand on any Loan Party in any case shall entitle any Loan Party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Loan Party or Loan Parties with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 10.01 of the Credit Agreement.

Section 7.03. Collateral Agent's Fees and Expenses; Indemnification. (a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its expenses incurred hereunder as provided in Section 10.04 of the Credit Agreement.

(b) Without limitation of its indemnification obligations under the other Loan Documents, each Grantor jointly and severally agrees to indemnify the Collateral Agent and the other Indemnitees (as defined in Section 10.05 of the Credit Agreement) against, and hold each Indemnitee harmless from, any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including Attorney Costs but limited, in the case of legal fees and expenses, to the reasonable and documented out-of-pocket fees, disbursements and other charges of one counsel to all Indemnitees taken as a whole and, if reasonably necessary, one firm of local counsel in each relevant jurisdiction, and solely in the case of an actual or potential conflict of interest, one additional counsel in each relevant jurisdiction to each group of similarly situated affected Indemnitees) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with the execution, delivery, performance, administration or enforcement of this Agreement or any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation or proceeding) or to the Collateral, and whether or not any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements resulted from: (x) the gross negligence, bad faith or willful misconduct of, or material breach of this Agreement by, such Indemnitee or of any affiliate, director, officer, employee, counsel, agent or attorney-in-fact of such Indemnitee as determined by a court of competent jurisdiction in a final and non-appealable decision or (y) any dispute solely among Indemnitees that does not involve an act or omission by the Grantors (other than any claims against an Indemnitee in its capacity or in fulfilling its role as a collateral agent or any similar role under any Facility) (as determined by a court of competent jurisdiction in a final and non-appealable judgment of a court of competent jurisdiction). No Grantor or Indemnitee shall have any liability for any special, punitive, indirect or consequential damages relating to this Agreement or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date) (other than, in the case of a Grantor, in respect of any such damages incurred or paid by an Indemnitee to a third party).

(c) Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Collateral Documents. The provisions of this Section 7.03 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby and the repayment of any of the Secured Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 7.03 shall be payable within ten Business Days of written demand therefor.

Section 7.04. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party (including any successor or assignee of Holdings, which successor or assignee shall execute and deliver a joinder to this Agreement in form reasonably satisfactory to

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the Collateral Agent upon the reasonable request of the Collateral Agent) and all covenants, promises and agreements by or on behalf of any Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective permitted successors and assigns.

Section 7.05. Survival of Agreement. Without limitation of any provision of the Credit Agreement or Section 7.03 hereof, all covenants, agreements, representations and warranties made by the Grantors in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by each Agent and the Lenders and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any Agent or Lender or on its behalf and notwithstanding that the Collateral Agent, any L/C Issuer or any Lender may have had notice or knowledge of any Default or Event of Default at the time any credit is extended under any Loan Document, and shall continue in full force and effect until this Agreement is terminated as provided in Section 7.13 hereof, or with respect to any individual Grantor until such Grantor is otherwise released from its obligations under this Agreement in accordance with the terms hereof.

Section 7.06. Counterparts; Effectiveness; Several Agreement. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement. This Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Grantor and the Collateral Agent and their respective permitted successors and assigns. The Collateral Agent may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or delivery the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means. This Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, restated, modified, supplemented, waived or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

Section 7.07. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.08. Right of Set-Off. In addition to any rights and remedies of the Lenders provided by Law, but subject to Section 10.19 of the Credit Agreement, upon the occurrence and during the continuance of any Event of Default, each Lender and its Affiliates is authorized at any time and from time to time, without prior notice to the Borrower or any other Grantor, any such notice being waived by the Borrower and each Grantor to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other Indebtedness at any time owing by, such Lender and/or such Affiliates to or for the credit or the account of the respective Grantors against any and all obligations owing to such Lender and/or such Affiliates hereunder, now or hereafter existing, irrespective of whether or not such Lender or Affiliate shall have made demand under this Agreement and although such obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or Indebtedness. Each Lender agrees promptly to notify the Borrower and the Collateral Agent after any such set off and application made by such Lender; provided, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section 7.08 are in addition to other rights and remedies (including other rights of setoff) that such Lender may have.

Section 7.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) EACH OF THE LOAN PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT

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A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. EACH PARTY HERETO AGREES THAT THE AGENTS AND LENDERS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION IN CONNECTION WITH THE EXERCISE OF ANY RIGHTS UNDER ANY COLLATERAL DOCUMENT OR THE ENFORCEMENT OF ANY JUDGMENT.

(c) EACH OF THE LOAN PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 7.01. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section 7.10. WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT, OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 7.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 7.12. Security Interest Absolute. To the extent permitted by applicable Law, all rights of the Collateral Agent hereunder, the Security Interest, the grant of a security interest in the Pledged Collateral and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, the Secured Hedge Agreements, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document, the Secured Hedge Agreements or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Secured Obligations or (d) subject only to termination of a Grantor's obligations hereunder in accordance with the terms of Section 7.13, but without prejudice to reinstatement rights under Section 2.04 of the Guaranty, any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Secured Obligations or this Agreement.

Section 7.13. Termination or Release. a. This Agreement, the Security Interest and all other security interests granted hereby shall terminate with respect to all Secured Obligations upon termination of the Aggregate Commitments, payment in full of all outstanding Secured Obligations (other than (x) obligations under Secured Hedge Agreements not yet due and payable, (y) Cash Management Obligations not yet due and payable and (z) contingent indemnification obligations not yet accrued and payable) and the expiration or termination of all Letters of Credit (unless the Outstanding Amount of the L/C Obligations related thereto have been Cash Collateralized, backstopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably satisfactory to the applicable L/C Issuer).

b. The Security Interest in any Collateral shall be automatically released in the circumstances set forth in Section 9.11(a) of the Credit Agreement or upon any release of the Lien on such Collateral in accordance with Section 9.11(b) of the Credit Agreement.

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c. A Grantor (other than Holdings) shall automatically be released from its obligations hereunder and the Security Interest in the Collateral of such Grantor shall be automatically released in the circumstances set forth in Section 9.11(c) of the Credit Agreement.

d. Holdings shall automatically be released from its obligations hereunder and the Security Interest in the Collateral of Holdings shall be automatically released upon delivery to the Collateral Agent of a joinder in the form contemplated by Section 7.04 by any successor or assign of Holdings.

e. In connection with any termination or release pursuant to paragraph (a), (b), (c) or (d) the Collateral Agent shall promptly execute and deliver to any Grantor, at such Grantor's expense, all documents (including relevant certificates, securities and other instruments) that such Grantor shall reasonably request to evidence such termination or release and shall perform such other actions reasonably requested by such Grantor to effect such release, including delivery of certificates, securities and instruments. Any execution and delivery of documents pursuant to this Section 7.13 shall be without recourse to or warranty by the Collateral Agent.

f. At any time that the respective Grantor desires that the Collateral Agent take any of the actions described in the immediately preceding paragraph (e), it shall, upon request of the Collateral Agent, deliver to the Collateral Agent an officer's certificate certifying that the release of the respective Collateral is permitted pursuant to paragraph (a), (b), (c) or (d). The Collateral Agent shall have no liability whatsoever to any Secured Party as the result of any release of Collateral by it as permitted (or which the Collateral Agent in good faith believes to be permitted) by this Section 7.13.

g. Notwithstanding anything to the contrary set forth in this Agreement, each Cash Management Bank and each Hedge Bank by the acceptance of the benefits under this Agreement hereby acknowledge and agree that (i) the obligations of the Borrower or any Subsidiary under any Secured Hedge Agreement and the Cash Management Obligations shall be secured pursuant to this Agreement only to the extent that, and for so long as, the other Secured Obligations are so secured and (ii) any release of Collateral effected in the manner permitted by this Agreement shall not require the consent of any Hedge Bank or Cash Management Bank.

Section 7.14. Additional Restricted Subsidiaries. Pursuant to Section 6.11 of the Credit Agreement, certain Restricted Subsidiaries of the Loan Parties that were not in existence or not Restricted Subsidiaries on the date of the Credit Agreement are required to enter in this Agreement as Grantors upon becoming Restricted Subsidiaries. In addition, certain Restricted Subsidiaries of the Loan Parties that are not required under the Credit Agreement to enter in this Agreement as Grantors may elect to do so at their option. Upon execution and delivery by the Collateral Agent and a Restricted Subsidiary of a Security Agreement Supplement, such Restricted Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any such instrument shall not require the consent of any other Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

Section 7.15. Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby appoints the Collateral Agent the true and lawful attorney-in-fact of such Grantor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof at any time after and during the continuance of an Event of Default, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default and (unless a Bankruptcy Event of Default has occurred and is continuing, in which case no such notice shall be required) upon and after delivery of notice by the Collateral Agent to the Borrower of its intent to exercise such rights, subject in each case to Section 5.01 of this Agreement, with full power of substitution either in the Collateral Agent's name or in the name of such Grantor (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (d) to send verifications of Accounts to any Account Debtor; (e) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (g) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent or the Cash Collateral Account and adjust, settle or compromise the amount of payment of any Account; and (h) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry

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out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; provided that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence, bad faith or willful misconduct or that of any of their Affiliates, directors, officers, employees, counsel, agents or attorneys-in-fact.

Section 7.16. General Authority of the Collateral Agent.. By acceptance of the benefits of this Agreement and any other Collateral Documents, each Secured Party (whether or not a signatory hereto) shall be deemed irrevocably (a) to consent to the appointment of the Collateral Agent as its agent hereunder and under such other Collateral Documents, (b) to confirm that the Collateral Agent shall have the authority to act as the exclusive agent of such Secured Party for the enforcement of any provisions of this Agreement and such other Collateral Documents against any Grantor, the exercise of remedies hereunder or thereunder and the giving or withholding of any consent or approval hereunder or thereunder relating to any Collateral or any Grantor's obligations with respect thereto, (c) to agree that it shall not take any action to enforce any provisions of this Agreement or any other Collateral Document against any Grantor, to exercise any remedy hereunder or thereunder or to give any consents or approvals hereunder or thereunder and (d) to agree to be bound by the terms of this Agreement and any other Collateral Documents.

Section 7.17. Collateral Agent's Duties. To the extent permitted by law, the Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. None of the Collateral Agent, any other Secured Party or any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Collateral Agent and the other Secured Parties hereunder are solely to protect the Collateral Agent's and the other Secured Parties' interests in the Collateral and shall not impose any duty upon the Collateral Agent or any other Secured Party to exercise any such powers. The Collateral Agent and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct or that of their directors, officers, employees or agents.

Section 7.18. Mortgages.. In the event that any of the Collateral hereunder is also subject to a valid and enforceable Lien under the terms of a Mortgage and the terms thereof are inconsistent with the terms of this Agreement, then with respect to such Collateral, the terms of such Mortgage shall control in the case of Fixtures and real estate leases, letting and licenses of, and contracts and agreements relating to the lease of, real property, and the terms of this Agreement shall control in the case of all other Collateral.

Section 7.19. Recourse; Limited Obligations.. This Agreement is made with full recourse to each Grantor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of such Grantor contained herein, in the Loan Documents and the Secured Hedge Agreements and otherwise in writing in connection herewith or therewith. It is the desire and intent of each Grantor and the Secured Parties that this Agreement shall be enforced against each Grantor to the fullest extent permissible under the applicable Laws applied in each jurisdiction in which enforcement is sought. Notwithstanding anything to the contrary contained herein, and in furtherance of the foregoing, it is noted that the obligations of each Grantor that is a Subsidiary Guarantor have been limited as expressly provided in the Subsidiary Guaranty and are limited hereunder as and to the same extent provided therein.

\* \* \*

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

**BRIGHT HORIZONS FAMILY SOLUTIONS LLC,**  
as Borrower

By:

\_\_\_\_\_  
Name:  
Title:

**BRIGHT HORIZONS CAPITAL CORP.,**  
as Holdings

By:

\_\_\_\_\_  
Name:  
Title:

**BRIGHT HORIZONS LLC,**  
as a Subsidiary Guarantor

By:

\_\_\_\_\_  
Name:  
Title:

**BRIGHT HORIZONS CHILDREN'S CENTERS LLC,**  
as a Subsidiary Guarantor

By:

\_\_\_\_\_  
Name:  
Title:

**CORPORATEFAMILY SOLUTIONS LLC,**  
as a Subsidiary Guarantor

By:

\_\_\_\_\_  
Name:  
Title:

**RESOURCES IN ACTIVE LEARNING,**  
as a Subsidiary Guarantor

By:

\_\_\_\_\_  
Name:  
Title:

*[Signature Page to Security Agreement]*

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**GOLDMAN SACHS BANK USA,**  
as Collateral Agent

By:

\_\_\_\_\_

Name:

Title:

*[Signature Page to Security Agreement]*

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Exhibit I to  
the Security Agreement

SUPPLEMENT NO. \_\_\_ dated as of [•], to the Security Agreement dated as of January 30, 2013, among BRIGHT HORIZONS FAMILY SOLUTIONS LLC (the “Borrower”), BRIGHT HORIZONS CAPITAL CORP. (“Holdings”), the Subsidiaries of the Borrower identified therein and GOLDMAN SACHS BANK USA, as Collateral Agent.

1. Reference is made to (i) the Credit Agreement dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, Holdings, each Lender from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer and the other agents and parties party thereto, (ii) the Guaranty (as defined in the Credit Agreement), (iii) each Secured Hedge Agreement (as defined in the Credit Agreement) and (vi) the Cash Management Obligations (as defined in the Credit agreement).

2. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Security Agreement, as applicable.

3. The Grantors have entered into the Security Agreement in order to induce (x) the Lenders to make Loans and the L/C Issuers to issue Letters of Credit, (y) the Hedge Banks to enter into and/or maintain Secured Hedge Agreements and (z) the Cash Management Banks to provide Cash Management Services. Section 7.14 of the Security Agreement provides that additional Restricted Subsidiaries of the Borrower may become Grantors under the Security Agreement by execution and delivery of an instrument substantially in the form of this Supplement. The undersigned Restricted Subsidiary (the “New Subsidiary”) is executing this Supplement in accordance with the Credit Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and the L/C Issuers to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Subsidiary agree as follows:

Section 1. In accordance with Section 7.14 of the Security Agreement, the New Subsidiary by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and the New Subsidiary hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) on and as of the date hereof; provided that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) as of such earlier date. In furtherance of the foregoing, the New Subsidiary, as security for the payment and performance in full of the Secured Obligations does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of the New Subsidiary’s right, title and interest in and to the Collateral (as defined in the Security Agreement) of the New Subsidiary. Each reference to a “Grantor” in the Security Agreement shall be deemed to include the New Subsidiary as if originally named therein as a Grantor. The Security Agreement is hereby incorporated herein by reference.

Section 2. The New Subsidiary represents and warrants to the Collateral Agent and the other Secured Parties that (i) it has the power and authority to enter into this Supplement and (ii) this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws, general principles of equity and an implied covenant of good faith and fair dealing.

Section 3. This Supplement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Supplement shall be effective as delivery of an original executed counterpart of this Supplement. This Supplement shall become effective as to any New Subsidiary when a counterpart hereof executed on behalf of such New Subsidiary shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such New Subsidiary and the Collateral Agent and their respective permitted successors and assigns. The Collateral Agent may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or delivery the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means.

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Section 4. The New Subsidiary hereby represents and warrants that a Perfection Certificate as to the New Subsidiary has been duly executed and delivered to the Collateral Agent and the information set forth therein, including the legal name of the New Subsidiary, its jurisdiction of formation and the location of its chief executive office, is correct in all material respects as of the date hereof.

Section 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

Section 6. **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

Section 7. If any provision of this Supplement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Supplement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8. All communications and notices hereunder shall be in writing and given as provided in Section 7.01 of the Security Agreement.

Section 9. The New Subsidiary agrees to reimburse the Collateral Agent, on the same terms and to the same extent as provided for in section 7.03 of the Security Agreement, for its reasonable out-of-pocket expenses in connection with this Supplement, including all Attorney Costs of counsel for the Collateral Agent.

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IN WITNESS WHEREOF, the New Subsidiary and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

[NAME OF NEW SUBSIDIARY]

By: \_\_\_\_\_

Name:

Title:

GOLDMAN SACHS BANK USA, as Collateral Agent

By: \_\_\_\_\_

Name:

Title:

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## [FORM OF] COPYRIGHT SECURITY AGREEMENT

COPYRIGHT SECURITY AGREEMENT, dated as of [\_\_\_\_], 20[\_\_\_], made by [\_\_\_\_], a [\_\_\_\_] (the "Grantor"), in favor of GOLDMAN SACHS BANK USA, as Collateral Agent (as defined in the Credit Agreement referred to below).

Reference is made to the Credit Agreement, dated as of January [\_\_\_], 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Bright Horizons Family Solutions LLC, a Delaware limited liability company, Bright Horizons Capital Corp., a Delaware corporation, each Lender (as defined in the Credit Agreement) from time to time party thereto, Goldman Sachs Bank USA, as Collateral Agent, Swing Line Lender and L/C Issuer and the other agents and parties party thereto.

WHEREAS, the Grantor is party to a Security Agreement, dated as of January [\_\_\_], 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Security Agreement"), in favor of the Collateral Agent pursuant to which the Grantor is required to execute and deliver this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the Lenders to extend credit under the Credit Agreement, the Grantor hereby agrees with the Collateral Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not defined have the meaning given to them in the Security Agreement, or if not defined therein, in the Credit Agreement.

SECTION 2. Grant of Security Interest in Copyrights. As security for the payment or performance, as the case may be, in full of the Secured Obligations, the Grantor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest (the "Security Interest") in, all of the Grantor's right, title or interest in or to any and all of the Owned Copyrights, including those listed on Schedule I hereto, and all proceeds of the Owned Copyrights, now owned or at any time hereafter acquired by the Grantor or in which the Grantor now has or at any time in the future may acquire any right, title or interest.

SECTION 3. Security Agreement. The Security Interest granted pursuant to this Copyright Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement, and the Collateral Agent and the Grantor hereby acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the Security Interest in the Owned Copyrights made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Copyright Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Counterparts. This Copyright Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Copyright Security Agreement shall be effective as delivery of an original executed counterpart of this Copyright Security Agreement. This Copyright Security Agreement shall become effective as to the Grantor when a counterpart hereof executed on behalf of the Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon the Grantor and the Collateral Agent and their respective permitted successors and assigns. The Collateral Agent may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or delivery the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means.

SECTION 5. Recordation. The Grantor authorizes and requests that the Commissioner for Copyrights and any other applicable government officer record this Agreement.

SECTION 6. Governing Law. This Copyright Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

*[signature page follows]*

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IN WITNESS WHEREOF, the Grantor has caused this Copyright Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[ \_\_\_\_\_ ],  
as Grantor

By: \_\_\_\_\_  
Name:  
Title:

Accepted and Agreed:  
GOLDMAN SACHS BANK USA,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

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**SCHEDULE I**  
**to**  
**COPYRIGHT SECURITY AGREEMENT**  
**COPYRIGHT REGISTRATIONS AND COPYRIGHT APPLICATIONS**

**UNITED STATES COPYRIGHTS:**

*U.S. Copyright Registrations*

<u>Title</u>	<u>Reg. No.</u>	<u>Author</u>	<u>Date Registered</u>
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*Pending U.S. Copyright Applications for Registration*

<u>Title</u>	<u>Author</u>	<u>Date Filed</u>	<u>Application No.</u>
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## [FORM OF] PATENT SECURITY AGREEMENT

PATENT SECURITY AGREEMENT, dated as of [\_\_\_\_], 20[\_\_\_\_], made by [\_\_\_\_], a [\_\_\_\_] (the "Grantor"), in favor of GOLDMAN SACHS BANK USA, as Collateral Agent (as defined in the Credit Agreement referred to below).

Reference is made to the Credit Agreement, dated as of January [\_\_\_\_], 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Bright Horizons Family Solutions LLC, a Delaware limited liability company, Bright Horizons Capital Corp., a Delaware corporation, each Lender (as defined in the Credit Agreement) from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer and the other agents and parties party thereto.

WHEREAS, the Grantor is party to a Security Agreement, dated as of January [\_\_\_\_], 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Security Agreement"), in favor of the Collateral Agent pursuant to which the Grantor is required to execute and deliver this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the Lenders to extend credit under the Credit Agreement, the Grantor hereby agrees with the Collateral Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not defined have the meaning given to them in the Security Agreement, or if not defined therein, in the Credit Agreement.

SECTION 2. Grant of Security Interest in Patents. As security for the payment or performance, as the case may be, in full of the Secured Obligations, the Grantor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest (the "Security Interest") in, all of the Grantor's right, title or interest in or to any and all of the Owned Patents, including those listed on Schedule I hereto, and all proceeds of the Owned Patents, now owned or at any time hereafter acquired by the Grantor or in which the Grantor now has or at any time in the future may acquire any right, title or interest.

SECTION 3. Security Agreement. The Security Interest granted pursuant to this Patent Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement, and the Collateral Agent and the Grantor hereby acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the Security Interest in the Owned Patents made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Patent Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Counterparts. This Patent Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Patent Security Agreement shall be effective as delivery of an original executed counterpart of this Patent Security Agreement. This Patent Security Agreement shall become effective as to the Grantor when a counterpart hereof executed on behalf of the Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon the Grantor and the Collateral Agent and their respective permitted successors and assigns. The Collateral Agent may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or delivery the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means.

SECTION 5. Recordation. The Grantor authorizes and requests that the Commissioner of Patents and Trademarks and any other applicable government officer record this Agreement.

SECTION 6. Governing Law. This Patent Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

*[signature page follows]*

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IN WITNESS WHEREOF, the Grantor has caused this Patent Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[ \_\_\_\_\_ ],  
as Grantor

By: \_\_\_\_\_  
Name:  
Title:

Accepted and Agreed:  
GOLDMAN SACHS BANK USA,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

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**SCHEDULE I**  
**to**  
**PATENT SECURITY AGREEMENT**  
**PATENT REGISTRATIONS AND PATENT APPLICATIONS**

**UNITED STATES PATENTS:**

*U.S. Patent Registrations*

Patent Numbers

Issue Date

*U.S. Patent Applications*

Patent Application No.

Filing Date

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**[FORM OF] TRADEMARK SECURITY AGREEMENT**

TRADEMARK SECURITY AGREEMENT, dated as of [\_\_\_\_], 20[\_\_\_\_], made by [\_\_\_\_], a [\_\_\_\_] (the "Grantor"), in favor of GOLDMAN SACHS BANK USA, as Collateral Agent (as defined in the Credit Agreement referred to below).

Reference is made to the Credit Agreement, dated as of January [\_\_\_\_], 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Bright Horizons Family Solutions LLC, a Delaware limited liability company, Bright Horizons Capital Corp., a Delaware corporation, each Lender (as defined in the Credit Agreement) from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer and the other agents and parties party thereto.

WHEREAS, the Grantor is party to a Security Agreement, dated as of January [\_\_\_\_], 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Security Agreement"), in favor of the Collateral Agent pursuant to which the Grantor is required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce the Lenders to extend credit under the Credit Agreement, the Grantor hereby agrees with the Collateral Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not defined have the meaning given to them in the Security Agreement, or if not defined therein, in the Credit Agreement.

SECTION 2. Grant of Security Interest in Trademarks. As security for the payment or performance, as the case may be, in full of the Secured Obligations, the Grantor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest (the "Security Interest") in, all of the Grantor's right, title or interest in or to any and all of the Owned Trademarks, including those listed on Schedule I hereto, and all proceeds of the Owned Trademarks, now owned or at any time hereafter acquired by the Grantor or in which the Grantor now has or at any time in the future may acquire any right, title or interest.

SECTION 3. Security Agreement. The Security Interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement, and the Collateral Agent and the Grantor hereby acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the Security Interest in the Owned Trademark made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Trademark Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Counterparts. This Trademark Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Trademark Security Agreement shall be effective as delivery of an original executed counterpart of this Trademark Security Agreement. This Trademark Security Agreement shall become effective as to the Grantor when a counterpart hereof executed on behalf of the Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon the Grantor and the Collateral Agent and their respective permitted successors and assigns. The Collateral Agent may also require that any such documents and signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or delivery the same shall not limit the effectiveness of any document or signature delivered by telecopier, .pdf or other electronic imaging means.

SECTION 5. Recordation. The Grantor authorizes and requests that the Commissioner of Patents and Trademarks and any other applicable government officer record this Agreement.

SECTION 6. Governing Law. This Trademark Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

*[signature page follows]*

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IN WITNESS WHEREOF, the Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[ \_\_\_\_\_ ],  
as Grantor

By: \_\_\_\_\_  
Name:  
Title:

Accepted and Agreed:  
GOLDMAN SACHS BANK USA,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

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**SCHEDULE I**  
**to**  
**TRADEMARK SECURITY AGREEMENT**  
**TRADEMARK REGISTRATIONS AND TRADEMARK APPLICATIONS**

**UNITED STATES TRADEMARKS:**

*U.S. Trademark Registrations*

<u>Mark</u>	<u>Reg. Date</u>	<u>Reg. No.</u>
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*U.S. Trademark Applications*

<u>Mark</u>	<u>Filing Date</u>	<u>Application No.</u>
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CLOSING DATE PERFECTION CERTIFICATE

[completed Perfection Certificate in the form of Exhibit V-2 to be attached]

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(e) Set forth below opposite the name of each Loan Party are all the locations in the United States where such Loan Party maintains any material Collateral and all the places of business in the United States where such Loan Party conducts any material business that are not identified above:

<u>Loan Party</u>	<u>Mailing Address</u>	<u>County</u>	<u>State</u>
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3. Schedule of Filings. Attached hereto as Schedule 3 is a schedule setting forth the proper UCC filing office in the jurisdiction in which each Loan Party is located and, to the extent any of the Collateral is comprised of fixtures attached to Mortgaged Property, in the proper local jurisdiction, in each case as set forth with respect to such Loan Party in Section 2 hereof.

4. Stock Ownership and other Equity Interests. Attached hereto as Schedule 4 is a true and correct list of all the issued and outstanding Equity Interests of the Borrower and each Subsidiary and the record and beneficial owners of such Equity Interests.

5. Debt Instruments. Attached hereto as Schedule 5 is a true and correct list of all promissory notes and other evidence of Indebtedness held by Holdings, the Borrower and each other Loan Party having a principal amount in excess of \$5,000,000 that are required to be pledged under the Security Agreement, including all intercompany notes between Loan Parties.

6. Mortgage Filings. Attached hereto as Schedule 6 is a schedule setting forth, with respect to each Mortgaged Property, (a) the exact name of the Person that owns such property as such name appears in its certificate of incorporation or other organizational document, (b) if different from the name identified pursuant to clause (a), the exact name of the current mortgagor/grantor of such property reflected in the records of the filing office for such property identified pursuant to the following clause and (c) the filing office in which a Mortgage with respect to such property must be filed or recorded in order for the Collateral Agent to obtain a perfected security interest therein.

7. Intellectual Property. (a) Attached hereto as Schedule 7(a) as prepared for filing with the United States Patent and Trademark Office is a schedule setting forth all of each Loan Party's: (i) Patents and Patent Applications, including the name of the registered owner, type, registration or application number and the expiration date (if already registered) of each Patent and Patent Application owned by any Loan Party; and (ii) Trademarks and Trademark Applications, including the name of the registered owner, the registration or application number and the expiration date (if already registered) of each Trademark and Trademark Application owned by any Loan Party.

(b) Attached hereto as Schedule 7(b) as prepared for filing with the United States Copyright Office is a schedule setting forth all of each Loan Party's Copyrights and Copyright Applications, including the name of the registered owner, title, the registration number or application number and the expiration date (if already registered) of each Copyright and Copyright Application owned by any Loan Party.

8. Commercial Tort Claims. Set forth as Schedule 8 is a schedule setting forth all commercial tort claims equal to or in excess of \$5,000,000 held by any Loan Party, including a brief description thereof.

IN WITNESS WHEREOF, the undersigned have duly executed this certificate on this [ ] day of [ ], 20[ ].  
 BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
 Name:  
 Title:

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**FORM OF LETTER OF CREDIT APPLICATION**

Dated \_\_\_\_\_

Reference is hereby made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto

Goldman Sachs Bank USA, as Administrative Agent and L/C Issuer under the Credit Agreement

200 West Street

New York, NY 10282

Attention: [\_\_\_\_\_]

[[ ], as L/C Issuer under the Credit Agreement

[ ]

[ ]

Attention: [\_\_\_\_\_]]

Ladies and Gentlemen:

Pursuant to Section 2.03 of the Credit Agreement, we hereby request that the L/C Issuer referred to above [issue] [amend] [a [trade] [standby] Letter of Credit] [the Letter of Credit described in Annex A hereto] for the account of the undersigned on [\_\_\_\_, 20\_\_] <sup>(1)</sup> (the "**Date of Issuance** [**Amendment**]") in the aggregate stated amount of \$[\_\_\_\_].

For purposes of this Letter of Credit Application, unless otherwise defined herein, all capitalized terms used herein which are defined in the Credit Agreement shall have the respective meaning provided therein.

The beneficiary of the [requested] [amended] Letter of Credit will be [\_\_\_\_] <sup>(2)</sup>, and such Letter of Credit will be in support of [\_\_\_\_] <sup>(3)</sup> and will [have a stated expiration date of [\_\_\_\_] <sup>(4)</sup> [be an Auto-Renewal Letter of Credit with a Nonrenewal Notice Date of [\_\_\_\_]].

The Borrower hereby represents and warrants that the conditions specified in paragraphs (a) and (b) of Section 4.02 will be satisfied as of the Date of [Issuance][Amendment].

Copies of all documentation with respect to the supported transaction are attached hereto.

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- (1) Date of Issuance which shall be (x) a Business Day and (y) at least 2 Business Days after the date hereof (or such earlier date as is acceptable to the respective L/C Issuer in any given case).
  - (2) Insert name and address of beneficiary.
  - (3) Insert a description of the Obligations of the Borrower or its Subsidiaries to be supported by such Letter of Credit (in the case of standby Letters of Credit) and insert description of permitted trade obligations of the Borrower or any of its Subsidiaries (in the case of trade Letters of Credit).
  - (4) Insert the last date upon which drafts may be presented which may not be later than (i) the earlier of (x) one year after the Date of Issuance and (y) the 5<sup>th</sup> Business Day preceding the scheduled Maturity Date then in effect for the Revolving Credit Facility (or, if such day is not a Business Day, the next preceding Business Day), (ii) such later date as may be approved by all the Revolving Credit Lenders and the applicable L/C Issuer, or (iii) a later date if the Outstanding Amount of L/C Obligations in respect of such requested Letter of Credit has been Cash Collateralized or back-stopped by a letter of credit reasonably satisfactory to such L/C Issuer.
-



BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

*[Letter of Credit Application]*

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[Annex A]

[Describe Letter of Credit to be amended.]

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January 30, 2013

To the Agent and each Lender party to  
the Credit Agreement referred to below

Ladies and Gentlemen:

We have acted as counsel to the Loan Parties (as defined below) in connection with the Credit Agreement, dated as of the date hereof (the "Credit Agreement"), among Bright Horizons Family Solutions LLC, a Delaware limited liability company (the "Company"), Bright Horizons Capital Corp., a Delaware corporation ("Holdings"), the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent and Collateral Agent (in such capacities, the "Agent"), and as Swing Line Lender and L/C Issuer, and the other agents named therein. Capitalized terms that are used and not defined in this opinion letter have the meanings given to them in the Credit Agreement.

This opinion letter is furnished to you pursuant to Section 4.01(a)(v) of the Credit Agreement. The Subsidiaries of the Company listed in Parts A and B of Schedule 1 hereto are referred to herein respectively as the "Delaware LLC Guarantors" and the "California Corporate Guarantor". The Subsidiary of the Company listed on Schedule 2 hereto is referred to herein as the "Other Guarantor". Holdings, the Delaware LLC Guarantors and the California Corporate Guarantor are referred to herein collectively as the "Covered Guarantors". The Company, the Covered Guarantors and the Other Guarantor are referred to herein collectively as the "Loan Parties".

In connection with this opinion letter, we have examined the following documents (unless otherwise noted, each dated as of the date hereof):

- (a) the Credit Agreement;
- (b) the Notes (if any) being delivered on the date hereof;
- (c) the Guaranty;
- (d) the Security Agreement;
- (e) the Copyright Security Agreement (as defined in the Security Agreement);
- (f) the Trademark Security Agreement (as defined in the Security Agreement); and
- (g) the Intercompany Note.

The agreements referred to in clauses (a) through (g) above are referred to herein collectively as the "Credit Documents". The agreements referred to in clauses (d) through (f) above are referred to herein collectively as the "Collateral Documents".

We have examined such certificates, documents and records and have made such investigation of fact and such examination of law as we have deemed appropriate in order to enable us to render the opinions set forth herein. In conducting such investigation of fact, we have relied, without independent verification, upon certificates of officers of the Loan Parties and one or more of their Subsidiaries, public officials and other appropriate Persons. In rendering the opinions set forth below, we have assumed that the Other Guarantor (a) is validly existing under the laws of its jurisdiction of organization, (b) has the power to execute and deliver each of the Credit Documents to which it is a party and to perform its obligations thereunder and (c) has duly authorized, executed and delivered each of the Credit Documents to which it is a party.

The opinions expressed herein are limited to matters governed by the laws of the State of New York, the Delaware General Corporation Law, the Delaware Limited Liability Company Act, the California Corporations Code, and the federal laws of the United States of America (collectively, the "Covered Laws"), and in the case of paragraph 10 below, Article 9 of the Delaware Uniform Commercial Code (the "Delaware UCC"), and in the case of paragraph 11 below, Division 9 of the California Uniform Commercial Code (the "California UCC"). Our opinion set forth in paragraph 12 below is limited to the effect of Article 8 of the New York Uniform Commercial Code (the "New York UCC").

Based upon and subject to the foregoing and the assumptions, qualifications and limitations set forth below, we are of the opinion that:

1. Holdings (a) is a corporation validly existing and in good standing under the laws of the State of Delaware and (b) has the corporate power to execute, deliver and perform its obligations under each of the Credit Documents to which it
-

is a party. Each of the Company and the Delaware LLC Guarantors (a) is a limited liability company validly existing and in good standing under the laws of the State of Delaware and (b) has the power under its limited liability company agreement and the Delaware Limited Liability Company Act to execute, deliver and perform its obligations under each of the Credit Documents to which it is a party. The California Corporate Guarantor (a) is a corporation validly existing and in good standing under the laws of the State of California and (b) has the corporate power to execute, deliver and perform its obligations under each of the Credit Documents to which it is a party.

2. Each of the Company and the Covered Guarantors has duly authorized, executed and delivered each of the Credit Documents to which it is a party.

3. With the exception of the Intercompany Note, each of the Credit Documents constitutes the valid and binding obligation of each of the Loan Parties party thereto and is enforceable against each such Loan Party in accordance with its terms.

4. The execution and delivery by each of the Company and the Covered Guarantors of the Credit Documents to which such Person is a party and the performance by such Person of its obligations thereunder will not violate or require the repurchase of securities under the charter, by-laws or the limited liability company agreement, as applicable, of such Person. The execution and delivery by each Loan Party of the Credit Documents to which such Person is party and the performance by such Person of its obligations thereunder will not violate any Covered Laws.

5. Except as may be required in order to perfect the Liens contemplated by the Collateral Documents, under the Covered Laws, no consent, approval, license or exemption by, or order or authorization of, or filing, recording or registration with, any governmental authority is required to be obtained or made by any of the Loan Parties in connection with the execution and delivery of the Credit Documents to which such Person is party or the performance by such Person of its obligations thereunder.

6. We are not representing any of the Loan Parties in any pending litigation in which it is a named defendant that challenges the validity or enforceability of, or seeks to enjoin the performance of, the Credit Documents.

7. None of the Loan Parties is required to be registered as an “investment company” under the Investment Company Act of 1940, as amended.

8. Assuming that the proceeds of the Term Loans are applied in the manner contemplated by, and subject to the limitations contained in, the Credit Agreement, neither the making of the Term Loans under the Credit Agreement on the date hereof, nor the application of the proceeds thereof, will violate Regulations T, U or X of the Board of Governors of the Federal Reserve System.

9. The Security Agreement creates a valid security interest as security for the Secured Obligations (as defined in the Security Agreement) in favor of the Agent for the benefit of the Secured Parties in the Collateral described therein to the extent that a security interest in such Collateral can be created under Article 9 of the New York UCC.

10. Upon the proper filing of the financing statements attached as Schedule 3 hereto in the office of the Secretary of State of Delaware (the “Delaware Filing Office”), the security interests in the Collateral granted under the Security Agreement by each of the Loan Parties organized in the State of Delaware will be perfected to the extent a security interest in such Collateral can be perfected under Article 9 of the Delaware UCC by the filing of a financing statement in the Delaware Filing Office.

11. Upon the proper filing of the financing statement attached as Schedule 4 hereto in the office of the Secretary of State of California (the “California Filing Office”), the security interests in the Collateral granted under the Security Agreement by each of the Loan Parties organized in the State of California will be perfected to the extent a security interest in such Collateral can be perfected under Division 9 of the California UCC by the filing of a financing statement in the California Filing Office.

12. Assuming the delivery to the Agent in the State of New York of the certificates representing the Pledged Equity listed on Schedule 5 hereto indorsed to the Agent or in blank pursuant to the Security Agreement, and assuming that neither the Agent nor the Lenders have “notice of an adverse claim” (as defined in Section 8-105 of the New York UCC) with respect to such Pledged Equity at the time such Pledged Equity is delivered to the Agent, the respective security interests in such Pledged Equity created in favor of the Agent for the benefit of the Secured Parties under the Security Agreement constitute perfected security interests in such Pledged Equity, free of any “adverse claim” (within the meaning of Section 8-303 of the New York UCC).

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Our opinions set forth above are subject to (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting the rights and remedies of creditors generally and (ii) general principles of equity.

We express no opinion with respect to the applicability of Section 548 of the federal Bankruptcy Code or any comparable provision of state law or the enforceability of the provisions contained in Section 2.03(a) of the Guaranty which purport to limit the obligations of any Guarantor thereunder or the effect of the unenforceability of such provisions on the enforceability of the Guaranty.

Our opinions are also subject to the qualification that the enforceability of provisions in the Credit Documents providing for indemnification or contribution, broadly worded waivers, waivers of rights to damages or defenses, waivers of unknown or future claims, and waivers of statutory, regulatory or constitutional rights may be limited on statutory or public policy grounds. In addition, we express no opinion as to the enforceability of (i) rights of setoff, (ii) rights to receive prepayment premiums or the unaccrued portion of original issue discount upon acceleration, in each case to the extent determined to be unreasonable or to constitute a penalty or unearned interest, or (iii) any provision requiring that any action be brought only in the courts of a particular jurisdiction. In connection with the provisions of the Credit Documents whereby the parties submit to the jurisdiction of the United States District Court for the Southern District of New York, we note the limitations of 28 U.S.C. §§ 1331 and 1332 on subject matter jurisdiction of the federal courts. In connection with the provisions of the Credit Documents concerning personal jurisdiction and venue, we note that under NYCPLR § 510 a New York State court has discretion to transfer the place of trial, and under 28 U.S.C. § 1404(a) a United States District Court has discretion to transfer an action to another district or division where it might have been brought.

In addition, certain provisions contained in the Credit Documents may be further limited or rendered unenforceable by applicable law, but in our opinion the inclusion of such provisions in the Credit Documents does not render the Credit Documents invalid as a whole or substantially interfere with the practical realization of the principal benefits intended to be provided thereby.

We express no opinion as to (i) the existence of, or the title of any Person who has granted a security interest in any Collateral to, any item of Collateral or (ii) except to the extent set forth in paragraphs 10 through 12 above, the perfection of, or except to the extent set forth in paragraph 12 above, the priority of, any security interest in any Collateral. We express no opinion with respect to (a) security interests in any commercial tort claims or (b) the extent to which the grant (or purported grant) of a security interest in any asset subject to a legal or contractual restriction on the creation, attachment, perfection or enforcement of a security interest in such asset is effective or violates any agreement to which any Loan Party is a party, except to the extent such restriction is rendered ineffective by Section 9-406, 9-407, 9-408 or 9-409 of the New York UCC.

We call your attention to the fact that your security interest in certain Collateral described in the Security Agreement may not be able to be perfected by the filing of financing statements and that under certain circumstances, the filings referred to in paragraphs 10 and 11 may become ineffective as a result of changes occurring after the date hereof and will terminate after five years after the original filing date unless appropriate continuation statements are duly filed. In addition, Section 552 of the Bankruptcy Code limits the extent to which property acquired by a debtor after the commencement of a case under the Bankruptcy Code may be subject to a lien resulting from any security agreement entered into by the debtor before the commencement of the case.

This opinion letter is furnished only to the addressees and is solely for their benefit and the benefit of their assignees who become Lenders under the Credit Agreement; provided, that (i) no assignee shall have any greater rights with respect to this opinion letter than the original addressees hereof, (ii) no reissuance of this opinion letter shall be deemed to have occurred subsequent to the date hereof by reason of any such assignment, (iii) no such assignment shall be deemed to extend any statute of limitations period applicable on the date hereof and (iv) all rights hereunder with respect to any particular claim or related claims may be asserted only in a single proceeding with respect to such claim or related claims by and through the Agent or the Required Lenders. This opinion may not be relied upon for any other purpose or by any other Person without our prior written consent.

Very truly yours,

Ropes & Gray LLP

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Subsidiary Guarantors

A. Delaware LLC Guarantors

Bright Horizons LLC

Bright Horizons Children's Centers LLC

B. California Corporate Guarantor

Resources in Active Learning

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Other Guarantor

CorporateFamily Solutions LLC

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Delaware Financing Statements

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California Financing Statement

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Pledged Equity

<b>Issuer</b>	<b>Certificate No.</b>	<b>Registered Owner</b>	<b>Number of Shares/Units</b>	<b>Class of Interests</b>
Resources in Active Learning	6	Bright Horizons Children's Centers LLC	3,000	Common Stock
Lipton Corporate Child Care Centers, Inc.	5	Bright Horizons Children's Centers LLC	1,000	Common Stock
Work Options Group, Inc.	C-21	Bright Horizons Children's Centers LLC	61,551,363	Common Stock

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**[FORM OF] INTERCOMPANY NOTE**New York, New York  
[ ], 2012

FOR VALUE RECEIVED, each of the undersigned, to the extent a borrower from time to time with respect to any loan or advance (a "**Loan**") from any other entity listed on the signature page hereto (each, in such capacity, a "**Payor**"), hereby promises to pay to such other entity listed below (each, in such capacity, a "**Payee**") or its registered assigns, at the time specified on the Schedule attached hereto with respect to such Loan (or if there is no such Schedule, on demand or as otherwise agreed by such Payor and Payee), in Dollars, pounds sterling, Euros, Canadian dollars or such other currency as agreed to by such Payor and such Payee in immediately available funds, at such location as a Payee shall from time to time designate, the unpaid principal amount of all Loans made by such Payee to such Payor. Each Payor promises also to pay interest, if any, on the unpaid principal amount of all such Loans in like money at said location from the date of such loans and advances until paid at such rate per annum as shall be reflected on the Schedule or as otherwise agreed upon from time to time by such Payor and such Payee. The terms and conditions of one or more Loans may (but are not required to) be set forth on the Schedule attached to this note (as amended, amended and restated, supplemented or otherwise modified from time to time, the "**Note**") to memorialize the agreement of the Payor and Payee with respect to such Loan(s), in which case the terms and conditions specified in the Schedule shall govern as between the Payor and Payee unless otherwise agreed in writing between them; *provided*, that such terms and conditions may not be inconsistent with the provisions of this Note.

This Note is the Intercompany Note referred to in the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto. Unless otherwise specified, capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. Each Payee hereby acknowledges and agrees that the Administrative Agent and the Collateral Agent may exercise all rights provided in the Credit Agreement and the Collateral Documents with respect to this Note.

Anything in this Note to the contrary notwithstanding, the indebtedness evidenced by this Note owed by any Payor that is a Loan Party to any Payee that is not a Loan Party (any such Payor and Payee with respect to any such indebtedness, an "**Affected Payor**" or "**Affected Payee**", as relevant) shall, in each case, be subordinate and junior in right of payment, to the extent and in the manner hereinafter set forth, to all Obligations, including, without limitation, where applicable, under such Affected Payor's guarantee of the Guaranteed Obligations under (and as defined) in the Guaranty (such Obligations and other indebtedness and obligations in connection with any renewal, refunding, restructuring or refinancing thereof, including interest thereon accruing after the commencement of any proceedings referred to in clause (i) below at the rate provided for in the respective documentation for such Obligations, whether or not such interest is an allowed claim in such proceeding, being hereinafter collectively referred to as "**Senior Indebtedness**");

(i) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to any Affected Payor or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of such Affected Payor, whether or not involving insolvency or bankruptcy, then (x) the holders of Senior Indebtedness shall be Paid in Full before any Affected Payee is entitled to receive (whether directly or indirectly), or make any demands for, any payment on account of this Note and (y) until the holders of Senior Indebtedness are Paid in Full, any payment or distribution to which such Affected Payee would otherwise be entitled (other than (A) equity securities or (B) debt securities of such Affected Payor that are subordinated, to at least the same extent as this Note, to the payment of all Senior Indebtedness then outstanding (such securities hereinafter referred to as "**Restructured Debt Securities**")) in respect of this Note shall be made to the holders of Senior Indebtedness;

(ii) (x) if any Event of Default under Sections 8.01(a) or 8.01(f) of the Credit Agreement occurs and is continuing with respect to any Senior Indebtedness and (y) the Administrative Agent delivers notice to the Borrower instructing the Borrower that the Administrative Agent is thereby exercising its rights pursuant to this clause (ii) (provided that no such notice shall be required to be given in the case of any Event of Default arising under Section 8.01(f) of the Credit Agreement), then no payment or distribution of any kind or character (other than payments and distributions with

regard to Restructured Debt Securities) shall be made by or on behalf of the Affected Payor or any other Person on its behalf, and no payment or distribution of any kind or character shall be received by or on behalf of the Affected Payee or any other Person on its behalf, with respect to this Note; and

(iii) if any payment or distribution of any kind or character, whether in cash, securities or other property (other than Restructured Debt Securities) in respect of this Note shall (despite these subordination provisions) be received by any Affected Payee in violation of clause (i) or (ii) above before all Senior Indebtedness shall have been Paid in Full, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness (or their representatives), ratably according to the respective aggregate amounts remaining unpaid thereon, to the extent necessary for all Senior Indebtedness **of the relevant Affected Payor** to be Paid in Full.

For purposes of this Note, "**Paid in Full**" means that the holders of Senior Indebtedness shall be paid in full in cash in respect of all amounts constituting Senior Indebtedness (other than Obligations under Secured Hedge Agreements, Cash Management Obligations or contingent indemnification obligations, in any such case, not then due and payable) and no Letter of Credit shall remain outstanding (unless the Outstanding Amount of the L/C Obligations related thereto has been Cash Collateralized, back-stopped by a letter of credit reasonably satisfactory to the applicable L/C Issuer or deemed reissued under another agreement reasonably acceptable to the applicable L/C Issuer).

To the fullest extent permitted by law, no present or future holder of Senior Indebtedness shall be prejudiced in its right to enforce the subordination of this Note by any act or failure to act on the part of any Affected Payor or by any act or failure to act on the part of such holder or any trustee or agent for such holder. Each Affected Payee and each Affected Payor hereby agrees that the subordination of this Note is for the benefit of the Collateral Agent and the other Secured Parties, the Collateral Agent and the other Secured Parties are obligees under this Note to the same extent as if their names were written herein as such and the Administrative Agent and/or the Collateral Agent may, on behalf of itself and the other Secured Parties, proceed to enforce the subordination provisions herein.

Subject to all Senior Indebtedness being Paid in Full, each Affected Payee shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the respective Affected Payor applicable to the Senior Indebtedness until all amounts owing on the Note shall be paid in full, and for the purpose of such subrogation no payments or distributions to the holders of the Senior Indebtedness by or on behalf of an Affected Payor or by or on behalf of the holder of the Note which otherwise would have been made to the holder of the Note shall, as between such Affected Payor, its creditors other than the holders of Senior Indebtedness, and the holder of the Note, be deemed to be payment by such Affected Payor to or on account of the Senior Indebtedness.

The holders of the Senior Indebtedness may, without in any way affecting the obligations of any Affected Payee with respect thereto, at any time or from time to time and in their absolute discretion, change the manner, place or terms of payment of, change or extend the time of payment of, or renew or alter, any Senior Indebtedness, or amend, modify or supplement any agreement or instrument governing or evidencing such Senior Indebtedness or any other document referred to therein, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness including, without limitation, the waiver of default thereunder and the release of any collateral securing such Senior Indebtedness, all without notice to or assent from any Affected Payee.

If, at any time, all or part of any payment with respect to Senior Indebtedness theretofore made (whether by any other Loan Party or any other Person or enforcement of any right of setoff or otherwise) is rescinded or must otherwise be returned by the holders of Senior Indebtedness for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of any other Loan Party or such other Persons), the subordination provisions set forth herein shall continue to be effective or be reinstated, as the case may be, all as though such payment had not been made.

The indebtedness evidenced by this Note owed by any Payor (other than an Affected Payor) shall not be subordinated to, and shall rank *pari passu* in right of payment with, any other obligation of such Payor (except as otherwise agreed between such Payor and Payee).

Nothing contained in the subordination provisions set forth above is intended to or will impair, as between each Payor and each Payee, the obligations of such Payor, which are absolute and unconditional, to pay to such Payee the principal of and interest, if any, on this Note as and when due and payable in accordance with its terms, or is intended to or will affect the relative rights of such Payee and other creditors of such Payor other than the holders of Senior Indebtedness. For the avoidance of doubt, this Note as between each Payor and each Payee contains terms that are additional to any intercompany loan agreement between them and this Note does not in any way replace such intercompany loans between them nor does this Note in any way change the principal amount of any intercompany loans between them.

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Each Payee is hereby authorized (but not required) to record all loans and advances made by it to any Payor (all of which shall be evidenced by this Note), and all repayments or prepayments thereof, in its books and records, such books and records constituting *prima facie* evidence of the accuracy of the information contained therein.

Each Payor hereby waives presentment, demand, protest or notice of any kind in connection with this Note. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

This Note shall be binding upon each Payor and its successors and permitted assigns, and the terms and provisions of this Note shall inure to the benefit of each Payee and its successors and permitted assigns, including subsequent holders hereof.

From time to time after the date hereof, and as may be reflected on the Schedule, any successor to any Payee or Payor hereunder and additional Subsidiaries of Holdings may become parties hereto (as Payor and/or Payee, as the case may be) by executing a counterpart signature page to this Note (each successor and additional Subsidiary, an "**Additional Party**"). Upon delivery of such counterpart signature page to the Payees, notice of which is hereby waived by the other Payors and Payees, each Additional Party shall be a Payor and/or a Payee, as the case may be, and shall be as fully a party hereto as if such Additional Party were an original signatory hereof. Each Payor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Payor or Payee hereunder. This Note shall be fully effective as to any Payor or Payee that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Payor or Payee hereunder.

Indebtedness governed by this Note shall be maintained in "registered form" within the meaning of Section 163(f) of the Internal Revenue Code of 1986, as amended. No transfer of this Note shall be effective until entered in a register (the "**Register**").

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

\* \* \*

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[ ], as Payee and Payor

By: \_\_\_\_\_  
Name:  
Title:

*[Intercompany Note]*

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**[FORM OF] DISCOUNT RANGE PREPAYMENT NOTICE**[Date: \_\_\_\_\_, 20\_\_] <sup>(1)</sup>

To: [ ], as Auction Agent

Ladies and Gentlemen:

This Discount Range Prepayment Notice is delivered to you pursuant to Section 2.06(a)(iv)(C) of that certain Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., as Holdings, the lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer, and the other agents and parties party thereto. Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Credit Agreement.

Pursuant to Section 2.06(a)(iv)(C) of the Credit Agreement, the Company Party hereby requests that [each Term Lender] [each Term Lender of the [\_\_\_\_\_, 20\_\_] <sup>(2)</sup> tranche[s] of the [\_\_\_\_\_] <sup>(3)</sup> Class of Term Loans] submit a Discount Range Prepayment Offer. Any Discounted Term Loan Prepayment made in connection with this solicitation shall be subject to the following terms:

1. This Borrower Solicitation of Discount Range Prepayment Offers is extended at the sole discretion of the Company Party to [each Term Lender] [each Term Lender of the [\_\_\_\_\_, 20\_\_] <sup>(4)</sup> tranche[s] of the [\_\_\_\_\_] <sup>(5)</sup> Class of Term Loans].
2. The maximum aggregate principal amount of the Discounted Term Loan Prepayment that will be made in connection with this solicitation is [\$[\_\_\_\_\_] of Term Loans] [\$[\_\_\_\_\_] of the [\_\_\_\_\_, 20\_\_] <sup>(6)</sup> tranche[s] of the [\_\_\_\_\_] <sup>(7)</sup> Class of Term Loans] (the “**Discount Range Prepayment Amount**”). <sup>(8)</sup>
3. The Company Party is willing to make Discounted Term Loan Prepayments at a percentage discount to par value greater than or equal to [[\_\_\_\_\_] % but less than or equal to [\_\_\_\_\_] % in respect of the Term Loans][[\_\_\_\_\_] % but less than or equal to [\_\_\_\_\_] % in respect of the [\_\_\_\_\_, 20\_\_] <sup>(9)</sup> tranche[s] of the [\_\_\_\_\_] <sup>(10)</sup> Class of Term Loans] (the “**Discount Range**”).

To make an offer in connection with this solicitation, you are required to deliver to the Auction Agent a Discount Range Prepayment Offer by no later than 5:00 p.m., New York time, on the date that is the third Business Day following the date of delivery of this notice pursuant to Section 2.06(a)(iv)(C) of the Credit Agreement (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to the Auction Agent).

The Company Party hereby represents and warrants to the Auction Agent and [the Term Lenders][each Term Lender of the [\_\_\_\_\_, 20\_\_] <sup>(11)</sup> tranche[s] of the [\_\_\_\_\_] <sup>(12)</sup> Class of Term Loans] as follows:

1. No Event of Default has occurred and is continuing.
2. [The Company Party does not possess material non-public information with respect to [Holdings][the Borrower] and its Subsidiaries or the securities of any of them that has not been disclosed to the Term Lenders generally (other than Term Lenders who elect not to receive such information).] <sup>(13)</sup> [The Company Party is unable to represent and warrant that it does not possess any material non-public information with respect to [Holdings][the Borrower] and its Subsidiaries or the securities of any of them that has not been disclosed to the Term Lenders generally (other than Term Lenders who elect not to receive such information).] <sup>(14)</sup>

The Company Party acknowledges that the Auction Agent and the relevant Term Lenders are relying on the truth and accuracy of the foregoing representations and warranties in connection with any Discount Range Prepayment Offer made in response to this Discount Range Prepayment Notice and the acceptance of any prepayment made in connection with this Discount Range Prepayment Notice.

The Company Party requests that the Auction Agent promptly notify each relevant Term Lender party to the Credit Agreement of this Discount Range Prepayment Notice.

*[The remainder of this page is intentionally left blank.]*

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- (1) Date must be at least five (5) Business Days prior to the launch of any Discounted Term Loan Prepayment.
  - (2) List multiple tranches if applicable.
  - (3) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (4) List multiple tranches if applicable.
  - (5) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (6) List multiple tranches if applicable.
  - (7) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (8) Minimum of \$5.0 million and whole increments of \$1.0 million.
  - (9) List multiple tranches if applicable.
  - (10) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (11) List multiple tranches if applicable.
  - (12) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (13) Insert applicable representation.
  - (14) Insert applicable representation.
-



IN WITNESS WHEREOF, the undersigned has executed this Discount Range Prepayment Notice as of the date first above written.  
[NAME OF APPLICABLE COMPANY PARTY]

By: \_\_\_\_\_

Name:

Title:

*[Discount Range Prepayment Notice]*

---

**[FORM OF] DISCOUNT RANGE PREPAYMENT OFFER**

Date: \_\_\_\_\_, 20\_\_

To: [ ], as Auction Agent

Ladies and Gentlemen:

Reference is made to (a) the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., as Holdings, the lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer, and the other agents and parties party thereto, and (b) the Discount Range Prepayment Notice, dated \_\_\_\_\_, 20\_\_, from the applicable Company Party (the "**Discount Range Prepayment Notice**"). Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Discount Range Prepayment Notice or, to the extent not defined therein, in the Credit Agreement.

The undersigned Term Lender hereby gives you irrevocable notice, pursuant to Section 2.06(a)(iv)(C) of the Credit Agreement, that it is hereby offering to accept a Discounted Term Loan Prepayment on the following terms:

1. This Discount Range Prepayment Offer is available only for prepayment on [the Term Loans] [the [\_\_\_\_\_, 20\_\_] <sup>(1)</sup> tranche[s] of the [\_\_] <sup>(2)</sup> Class of Term Loans] held by the undersigned.

2. The maximum aggregate principal amount of the Discounted Term Loan Prepayment that may be made in connection with this offer shall not exceed (the "**Submitted Amount**"):

[Term Loans - \$[\_\_\_\_]]

[\_\_\_\_\_, 20\_\_] <sup>(3)</sup> tranche[s] of the [\_\_] <sup>(4)</sup> Class of Term Loans - \$[\_\_\_\_]

3. The percentage discount to par value at which such Discounted Term Loan Prepayment may be made is [\_\_\_\_]% in respect of the Term Loans [\_\_\_\_]% in respect of the [\_\_\_\_, 20\_\_] <sup>(5)</sup> tranche[s] of the [\_\_] <sup>(6)</sup> Class of Term Loans] (the "**Submitted Discount**").

The undersigned Lender hereby expressly and irrevocably consents and agrees to a prepayment of its [Term Loans] [[\_\_\_\_, 20\_\_] <sup>(7)</sup> tranche[s] of the [\_\_] <sup>(8)</sup> Class of Term Loans] indicated above pursuant to Section 2.06(a)(iv)(C) of the Credit Agreement at a price equal to the Applicable Discount and in an aggregate outstanding amount not to exceed the Submitted Amount, as such amount may be reduced in accordance with the Discount Range Proration, if any, and as otherwise determined in accordance with and subject to the requirements of the Credit Agreement.

*[The remainder of this page is intentionally left blank.]*

- 
- (1) List multiple tranches if applicable.
- (2) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
- (3) List multiple tranches if applicable.
- (4) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
- (5) List multiple tranches if applicable.
- (6) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
- (7) List multiple tranches if applicable.
- (8) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
-

IN WITNESS WHEREOF, the undersigned has executed this Discount Range Prepayment Offer as of the date first above written.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

*[Solicited Discounted Prepayment Offer]*

---

**[FORM OF] SOLICITED DISCOUNTED PREPAYMENT NOTICE**[Date: \_\_\_\_\_, 20\_\_] <sup>(1)</sup>

To: [ ], as Auction Agent

Ladies and Gentlemen:

This Solicited Discounted Prepayment Notice is delivered to you pursuant to Section 2.06(a)(iv)(D) of that certain Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., as Holdings, the lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer, and the other agents and parties party thereto. Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Credit Agreement.

Pursuant to Section 2.06(a)(iv)(D) of the Credit Agreement, the Company Party hereby requests that [each Term Lender] [each Term Lender of the [\_\_\_\_, 20\_\_] <sup>(2)</sup> tranche[s] of the [ ] <sup>(3)</sup> Class of Term Loans] submit a Solicited Discounted Prepayment Offer. Any Discounted Term Loan Prepayment made in connection with this solicitation shall be subject to the following terms:

1. This Borrower Solicitation of Discounted Prepayment Offers is extended at the sole discretion of the Company Party to [each Term Lender] [each Term Lender of the [\_\_\_\_, 20\_\_] <sup>(4)</sup> tranche[s] of the [ ] <sup>(5)</sup> Class of Term Loans].

2. The maximum aggregate amount of the Discounted Term Loan Prepayment that will be made in connection with this solicitation is (the "**Solicited Discounted Prepayment Amount**"): <sup>(6)</sup>

[Term Loans - \$[\_\_\_\_]]

[[\_\_\_\_, 20\_\_] <sup>(7)</sup> tranche[s] of the [ ] <sup>(8)</sup> Class of Term Loans - \$[\_\_\_\_]]

To make an offer in connection with this solicitation, you are required to deliver to the Auction Agent a Solicited Discounted Prepayment Offer by no later than 5:00 p.m., New York time on the date that is the third Business Day following delivery of this notice pursuant to Section 2.06(a)(iv)(D) of the Credit Agreement (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to the Auction Agent).

The Company Party requests that the Auction Agent promptly notify each Term Lender party to the Credit Agreement of this Solicited Discounted Prepayment Notice.

*[The remainder of this page is intentionally left blank.]*

- 
- (1) Date must be at least five (5) Business Days prior to the launch of any Discounted Term Loan Prepayment.
- (2) List multiple tranches if applicable.
- (3) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
- (4) List multiple tranches if applicable.
- (5) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
- (6) List multiple tranches if applicable.
- (7) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
- (8) Minimum of \$5.0 million and whole increments of \$1.0 million.
-

IN WITNESS WHEREOF, the undersigned has executed this Solicited Discounted Prepayment Notice as of the date first above written.  
[NAME OF APPLICABLE COMPANY PARTY]

By: \_\_\_\_\_

Name:

Title:

*[Solicited Discounted Prepayment Notice]*

---

**FORM OF ACCEPTANCE AND PREPAYMENT NOTICE**

Date: \_\_\_\_\_, 20\_\_

To: [ ], as Auction Agent

Ladies and Gentlemen:

This Acceptance and Prepayment Notice is delivered to you pursuant to (a) Section 2.06(a)(iv)(D) of that certain Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., as Holdings, the lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer, and the other agents and parties party thereto, and (b) that certain Solicited Discounted Prepayment Notice, dated \_\_\_\_\_, 20\_\_, from the applicable Company Party (the "**Solicited Discounted Prepayment Notice**"). Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Credit Agreement.

Pursuant to Section 2.06(a)(iv)(D) of the Credit Agreement, the Company Party hereby irrevocably notifies you that it accepts offers delivered in response to the Solicited Discounted Prepayment Notice having an Offered Discount equal to or greater than [ ]% in respect of the Term Loans [ ]% in respect of the [\_\_\_\_, 20\_\_]<sup>(1)</sup> tranche[s] of the [ ]<sup>(2)</sup> Class of Term Loans (the "**Acceptable Discount**") in an aggregate amount not to exceed the Solicited Discounted Prepayment Amount.

The Company Party expressly agrees that this Acceptance and Prepayment Notice shall be irrevocable and is subject to the provisions of Section 2.06(a)(iv)(D) of the Credit Agreement.

The Company Party hereby represents and warrants to the Auction Agent and [the Term Lenders][each Term Lender of the [\_\_\_\_, 20\_\_]<sup>(3)</sup> tranche[s] of the [ ]<sup>(4)</sup> Class of Term Loans] as follows:

1. No Event of Default has occurred and is continuing.

2. [The Company Party does not possess material non-public information with respect to [Holdings][the Borrower] and its Subsidiaries or the securities of any of them that has not been disclosed to the Term Lenders generally (other than Term Lenders who elect not to receive such information).] <sup>(5)</sup> [The Company Party is unable to represent and warrant that it does not possess any material non-public information with respect to [Holdings][the Borrower] and its Subsidiaries or the securities of any of them that has not been disclosed to the Term Lenders generally (other than Term Lenders who elect not to receive such information).] <sup>(6)</sup>

The Company Party acknowledges that the Auction Agent and the relevant Term Lenders are relying on the truth and accuracy of the foregoing representations and warranties in connection with the acceptance of any prepayment made in connection with a Solicited Discounted Prepayment Offer.]

The Company Party requests that the Auction Agent promptly notify each Term Lender party to the Credit Agreement of this Acceptance and Prepayment Notice.

*[The remainder of this page is intentionally left blank.]*

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(1) List multiple tranches if applicable.

(2) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).

(3) List multiple tranches if applicable.

(4) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).

(5) Insert applicable representation.

(6) Insert applicable representation.

---

IN WITNESS WHEREOF, the undersigned has executed this Acceptance and Prepayment Notice as of the date first above written.  
[NAME OF applicable COMPANY PARTY]

By: \_\_\_\_\_

Name:

Title:

*[Acceptance and Prepayment Notice]*

---

**FORM OF SPECIFIED DISCOUNT PREPAYMENT NOTICE**

To: [ ], as Auction Agent

[Date: \_\_\_\_\_, 20\_\_] <sup>(1)</sup>

Ladies and Gentlemen:

This Specified Discount Prepayment Notice is delivered to you pursuant to Section 2.06(a)(iv)(B) of that certain Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., as Holdings, the lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer, and the other agents and parties party thereto. Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Credit Agreement.

Pursuant to Section 2.06(a)(iv)(B) of the Credit Agreement, the Company Party hereby offers to make a Discounted Term Loan Prepayment [to each Term Lender] [to each Term Lender of the [\_\_\_\_, 20\_\_] <sup>(2)</sup> tranche[s] of the [\_\_] <sup>(3)</sup> Class of Term Loans] on the following terms:

1. This Borrower Offer of Specified Discount Prepayment is available only [to each Term Lender] [to each Term Lender of the [\_\_\_\_, 20\_\_] <sup>(4)</sup> tranche[s] of the [\_\_] <sup>(5)</sup> Class of Term Loans].

2. The aggregate principal amount of the Discounted Term Loan Prepayment that will be made in connection with this offer shall not exceed [\$[\_\_\_\_] of Term Loans] [\$[\_\_\_\_] of the [\_\_\_\_, 20\_\_] <sup>(6)</sup> tranche[s] of the [\_\_] <sup>(7)</sup> Class of Term Loans] (the “**Specified Discount Prepayment Amount**”). <sup>(8)</sup>

3. The percentage discount to par value at which such Discounted Term Loan Prepayment will be made is [\_\_]% in respect of the Term Loans] [\_\_]% in respect of the [\_\_\_\_, 20\_\_] <sup>(9)</sup> tranche[s] of the [\_\_] <sup>(10)</sup> Class of Term Loans] (the “**Specified Discount**”).

To accept this offer, you are required to submit to the Auction Agent a Specified Discount Prepayment Response by no later than 5:00 p.m., New York time, on the date that is the third Business Day following the date of delivery of this notice pursuant to Section 2.06(a)(iv)(B) of the Credit Agreement (which date may be extended for a period not exceeding three (3) Business Days upon notice by the Company Party to the Auction Agent).

The Company Party hereby represents and warrants to the Auction Agent and [the Term Lenders][each Term Lender of the [\_\_\_\_, 20\_\_] <sup>(11)</sup> tranche[s] of the [\_\_] <sup>(12)</sup> Class of Term Loans] as follows:

1. No Event of Default has occurred and is continuing.

2. [The Company Party does not possess material non-public information with respect to [Holdings][the Borrower] and its Subsidiaries or the securities of any of them that has not been disclosed to the Term Lenders generally (other than Term Lenders who elect not to receive such information).] <sup>(13)</sup> [The Company Party is unable to represent and warrant that it does not possess any material non-public information with respect to [Holdings][the Borrower] and its Subsidiaries or the securities of any of them that has not been disclosed to the Term Lenders generally (other than Term Lenders who elect not to receive such information).] <sup>(14)</sup>

The Company Party acknowledges that the Auction Agent and the relevant Term Lenders are relying on the truth and accuracy of the foregoing representations and warranties in connection with their decision whether or not to accept the offer set forth in this Specified Discount Prepayment Notice and the acceptance of any prepayment made in connection with this Specified Discount Prepayment Notice.]



The Company Party requests that the Auction Agent promptly notify each relevant Term Lender party to the Credit Agreement of this Specified Discount Prepayment Notice.

*[The remainder of this page is intentionally left blank.]*

- 
- (1) Date must be at least five (5) Business Days prior to the launch of any Discounted Term Loan Prepayment.
  - (2) List multiple tranches if applicable.
  - (3) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (4) List multiple tranches if applicable.
  - (5) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (6) List multiple tranches if applicable.
  - (7) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (8) Minimum of \$5.0 million and whole increments of \$1.0 million.
  - (9) List multiple tranches if applicable.
  - (10) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (11) List multiple tranches if applicable.
  - (12) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (13) Insert applicable representation.
  - (14) Insert applicable representation.
-

IN WITNESS WHEREOF, the undersigned has executed this Specified Discount Prepayment Notice as of the date first above written.  
[NAME OF applicable COMPANY PARTY]

By: \_\_\_\_\_  
Name:  
Title:

Enclosure: Form of Specified Discount Prepayment Response

*[Specified Discount Prepayment Notice]*

---

**[FORM OF] SOLICITED DISCOUNTED PREPAYMENT OFFER**

Date: \_\_\_\_\_, 20\_\_

To: [ ], as Auction Agent  
Ladies and Gentlemen:

Reference is made to (a) the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., as Holdings, the lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer, and the other agents and parties party thereto, and (b) the Solicited Discounted Prepayment Notice, dated \_\_\_\_\_, 20\_\_, from the applicable Company Party (the "**Solicited Discounted Prepayment Notice**"). Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Solicited Discounted Prepayment Notice or, to the extent not defined therein, in the Credit Agreement.

To accept the offer set forth herein, you must submit an Acceptance and Prepayment Notice by or before no later than 5:00 p.m. New York time on the third Business Day following your receipt of this notice.

The undersigned Term Lender hereby gives you irrevocable notice, pursuant to Section 2.06(a)(iv)(D) of the Credit Agreement, that it is hereby offering to accept a Discounted Term Loan Prepayment on the following terms:

1. This Solicited Discounted Prepayment Offer is available only for prepayment on the [Term Loans][\_\_\_\_\_, 20\_\_] <sup>(1)</sup> tranche[s] of the [ ] <sup>(2)</sup> Class of Term Loans] held by the undersigned.

2. The maximum aggregate principal amount of the Discounted Term Loan Prepayment that may be made in connection with this offer shall not exceed (the "**Offered Amount**"):

[Term Loans - \$[ ]]

[\_\_\_\_\_, 20\_\_] <sup>(3)</sup> tranche[s] of the [ ] <sup>(4)</sup> Class of Term Loans - \$[ ]]

3. The percentage discount to par value at which such Discounted Term Loan Prepayment may be made is [ ]% in respect of the Term Loans] [ ]% in respect of the [\_\_\_\_\_, 20\_\_] <sup>(5)</sup> of the [ ] <sup>(6)</sup> Class of Term Loans] (the "**Offered Discount**").

The undersigned Term Lender hereby expressly and irrevocably consents and agrees to a prepayment of its [Term Loans] [\_\_\_\_\_, 20\_\_] <sup>(7)</sup> tranche[s] of the [ ] <sup>(8)</sup> Class of Term Loans] pursuant to Section 2.06(a)(iv)(D) of the Credit Agreement at a price equal to the Acceptable Discount and in an aggregate outstanding amount not to exceed such Term Lender's Offered Amount as such amount may be reduced in accordance with the Solicited Discount Proration, if any, and as otherwise determined in accordance with and subject to the requirements of the Credit Agreement.

*[The remainder of this page is intentionally left blank.]*

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(1) List multiple tranches if applicable.

(2) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).

(3) List multiple tranches if applicable.

(4) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).

(5) List multiple tranches if applicable.

(6) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).

(7) List multiple tranches if applicable.

(8) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).

---

IN WITNESS WHEREOF, the undersigned has executed this Solicited Discounted Prepayment Offer as of the date first above written.

[NAME OF TERM LENDER]

By: \_\_\_\_\_  
Name:  
Title:

*[Solicited Discounted Prepayment Offer]*

---

**EXHIBIT Q****[FORM OF] SPECIFIED DISCOUNT PREPAYMENT RESPONSE**

Date: \_\_\_\_\_, 20\_\_

To: [ ], as Auction Agent

Ladies and Gentlemen:

Reference is made to (a) the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., as Holdings, the lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, Swing Line Lender and L/C Issuer, and the other agents and parties party thereto, and (b) the Specified Discount Prepayment Notice, dated \_\_\_\_\_, 20\_\_, from the applicable Company Party (the "**Specified Discount Prepayment Notice**"). Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Specified Discount Prepayment Notice or, to the extent not defined therein, in the Credit Agreement.

The undersigned Term Lender hereby gives you irrevocable notice, pursuant to Section 2.06(a)(iv)(B) of the Credit Agreement, that it is willing to accept a prepayment of the following [Term Loans] [[\_\_\_\_, 20\_\_] <sup>(1)</sup> tranche[s] of the [ ] <sup>(2)</sup> Class of Term Loans - \$[\_\_\_\_]] held by such Term Lender at the Specified Discount in an aggregate outstanding amount as follows:

[Term Loans - \$[\_\_\_\_]]  
[[\_\_\_\_, 20\_\_] <sup>(3)</sup> tranche[s] of the [ ] <sup>(4)</sup> Class of Term Loans - \$[\_\_\_\_]]

The undersigned Term Lender hereby expressly and irrevocably consents and agrees to a prepayment of its

[Term Loans][[\_\_\_\_, 20\_\_] <sup>(5)</sup> tranche[s] the [ ] <sup>(6)</sup> Class of Term Loans] pursuant to Section 2.06(a)(iv)(B) of the Credit Agreement at a price equal to the [applicable] Specified Discount in the aggregate outstanding amount not to exceed the amount set forth above, as such amount may be reduced in accordance with the Specified Discount Proration, and as otherwise determined in accordance with and subject to the requirements of the Credit Agreement.

*[The remainder of this page is intentionally left blank.]*

- 
- (1) List multiple tranches if applicable.
  - (2) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (3) List multiple tranches if applicable.
  - (4) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
  - (5) List multiple tranches if applicable.
  - (6) List applicable Class(es) of Term Loans (e.g., Term B Loans, Incremental Term Loans, Other Term Loans or Extended Term Loans).
-

IN WITNESS WHEREOF, the undersigned has executed this Specified Discount Prepayment Response as of the date first above written.

[NAME OF TERM LENDER]

By: \_\_\_\_\_  
Name:  
Title:

*[Specified Discount Prepayment Response]*

---

[FORM OF]  
FIRST LIEN INTERCREDITOR AGREEMENT

among

BRIGHT HORIZONS CAPITAL CORP.,  
as Holdings,

BRIGHT HORIZONS FAMILY SOLUTIONS LLC,  
as Borrower,

the other GRANTORS party hereto,

GOLDMAN SACHS BANK USA,  
as Credit Agreement Collateral Agent for the Credit Agreement Secured Parties,

GOLDMAN SACHS BANK USA,  
as Authorized Representative for the Credit Agreement Secured Parties,

[ ],  
as the Additional Collateral Agent,

[ ],  
as the Initial Additional Authorized Representative,

and  
each additional Authorized Representative from time to time party hereto

dated as of [\_\_\_\_], 20[ ]

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Annexes:

Annex I	Form of Joinder Agreement
Annex II	Form of Joinder Agreement
Annex III	Form of Supplement

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FIRST LIEN INTERCREDITOR AGREEMENT, dated as of [\_\_\_\_], 20[ ] (as amended, restated, extended, supplemented or otherwise modified from time to time, this “Agreement”), among BRIGHT HORIZONS CAPITAL CORP, a Delaware corporation (“Holdings”), BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the “Borrower”), the other Grantors (as defined below) from time to time party hereto, GOLDMAN SACHS BANK USA, as administrative agent for the Credit Agreement Secured Parties (as defined below) (in such capacity and together with its successors in such capacity, the “Credit Agreement Collateral Agent”), GOLDMAN SACHS BANK USA, as Authorized Representative for the Credit Agreement Secured Parties (as each such term is defined below), the Additional Collateral Agent (as defined below), the Authorized Representative for the Initial Additional First-Lien Secured Parties (as defined below) (in such capacity and together with its successors in such capacity, the “Initial Additional Authorized Representative”) and each additional Authorized Representative from time to time party hereto for the other Additional First-Lien Secured Parties of the Series (as defined below) with respect to which it is acting in such capacity.

In consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Credit Agreement Collateral Agent (for itself and on behalf of the Credit Agreement Secured Parties), the Additional Collateral Agent (for itself and on behalf of the Additional First-Lien Secured Parties), the Initial Additional Authorized Representative (for itself and on behalf of the Initial Additional First-Lien Secured Parties) and each additional Authorized Representative (for itself and on behalf of the Additional First-Lien Secured Parties of the applicable Series) agree as follows:

## ARTICLE I

### Definitions

SECTION 1.01 Certain Defined Terms. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Credit Agreement or, if defined in the New York UCC, the meanings specified therein. As used in this Agreement, the following terms have the meanings specified below:

["Additional Administrative Agent” has the meaning assigned to such term in Section 5.17.]

“Additional Collateral Agent” means (a) prior to the Discharge of the Initial Additional First-Lien Obligations, [ ] and (b) from and after the Discharge of the Initial Additional First-Lien Obligations, the Authorized Representative for the Series of Additional First-Lien Obligations that constitutes the largest outstanding principal amount of any then outstanding Series of Additional First-Lien Obligations.

“Additional First-Lien Documents” means, with respect to the Initial Additional First-Lien Obligations or any other Additional First-Lien Obligations, the credit agreements, notes, indentures, security documents or other agreements evidencing or governing such Indebtedness and the Liens securing such Indebtedness, including the Initial Additional First-Lien Documents and the Additional First-Lien Security Documents and each other agreement entered into for the purpose of securing the Initial Additional First-Lien Obligations or any other Additional First-Lien Obligations.

“Additional First-Lien Obligations” means collectively (1) the Initial Additional First-Lien Obligations and (2) all amounts owing pursuant to the terms of any Series of Additional Senior Class Debt designated as Additional First-Lien Obligations pursuant to Section 5.13 hereof after the date hereof, including, without limitation, the obligation (including guarantee obligations) to pay principal, interest (including interest that accrues after the commencement of a Bankruptcy Case, regardless of whether such interest is an allowed claim under such Bankruptcy Case), letter of credit commissions, reimbursement obligations, charges, expenses, fees, attorneys costs, indemnities and other amounts payable by a Grantor under any Additional First-Lien Document. Additional First Lien Obligations shall include all amounts owing pursuant to the terms of any Registered Equivalent Notes and guarantees thereof by the Grantors issued in exchange for any Additional First-Lien Obligations, including, without limitation, the obligation (including guarantee obligations) to pay principal, interest (including interest that accrues after the commencement of a Bankruptcy Case, regardless of whether such interest is an allowed claim under such Bankruptcy Case), letter of credit commissions, reimbursement obligations, charges, expenses, fees, attorneys costs, indemnities and other amounts payable by a Grantor under any Additional First-Lien Document.

“Additional First-Lien Secured Parties” means the holders of any Additional First-Lien Obligations and any Collateral Agent and Authorized Representative with respect thereto, and shall include the Initial Additional First-Lien Secured Parties.

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“Additional First-Lien Security Document” means any collateral agreement, security agreement or any other document now existing or entered into after the date hereof that creates Liens on any assets or properties of any Grantor to secure the Additional First-Lien Obligations.

“Additional Senior Class Debt” has the meaning assigned to such term in Section 5.13.

“Additional Senior Class Debt Parties” has the meaning assigned to such term in Section 5.13.

“Additional Senior Class Debt Representative” has the meaning assigned to such term in Section 5.13.

“Administrative Agent” has the meaning assigned to such term in the definition of “Credit Agreement” and shall include any successor administrative agent (including as a result of any Refinancing or other modification of the Credit Agreement permitted by Section 2.08).

“Agreement” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“Applicable Authorized Representative” means, with respect to any Shared Collateral, (i) until the earlier of (x) the Discharge of Credit Agreement Obligations and (y) the Non-Controlling Authorized Representative Enforcement Date, the Administrative Agent, and (ii) from and after the earlier of (x) the Discharge of Credit Agreement Obligations and (y) the Non-Controlling Authorized Representative Enforcement Date, the Major Non-Controlling Authorized Representative.

“Authorized Representative” means, at any time, (i) in the case of any Credit Agreement Obligations or the Credit Agreement Secured Parties, the Administrative Agent, (ii) in the case of the Initial Additional First-Lien Obligations or the Initial Additional First-Lien Secured Parties, the Initial Additional Authorized Representative, and (iii) in the case of any other Series of Additional First-Lien Obligations or Additional First-Lien Secured Parties that become subject to this Agreement after the date hereof, the collateral agent, trustee or other representative named as authorized representative for such Series in the applicable Joinder Agreement.

“Bankruptcy Case” has the meaning assigned to such term in Section 2.05(b).

“Bankruptcy Code” means Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

“Bankruptcy Law” means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

“Borrower” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“Collateral” means all assets and properties subject to Liens created pursuant to any First-Lien Security Document to secure one or more Series of First-Lien Obligations.

“Collateral Agent” means (i) in the case of any Credit Agreement Obligations, the Credit Agreement Collateral Agent, (ii) in the case of the Initial Additional First-Lien Obligations, the Additional Collateral Agent and (iii) in the case of any other Series of Additional First-Lien Obligations, the collateral agent, trustee or other representative named as Authorized Representative for such Series in the applicable Joinder Agreement.

“Control Collateral” means any Shared Collateral in the possession of, or controlled by, a Collateral Agent (or its agents or bailees), to the extent that possession or control thereof perfects a Lien thereon under the Uniform Commercial Code of any jurisdiction. Control Collateral includes, without limitation, any Certificated Securities, Promissory Notes, Instruments, Investment Property, Deposit Accounts and Chattel Paper, in each case, delivered to, in the possession of, or controlled by, a Collateral Agent under the terms of the First-Lien Security Documents.

“Controlling Collateral Agent” means (i) until the earlier of (x) the Discharge of Credit Agreement Obligations and (y) the Non-Controlling Authorized Representative Enforcement Date, the Credit Agreement Collateral Agent and (ii) from and after the earlier of (x) the Discharge of Credit Agreement Obligations and (y) the Non-Controlling Authorized Representative Enforcement Date, the Additional Collateral Agent (acting on the instructions of the Applicable Authorized Representative).

“Controlling Secured Parties” means, with respect to any Shared Collateral, (i) at any time when the Credit Agreement Collateral Agent is the Controlling Collateral Agent, the Credit Agreement Secured Parties and (ii) at any other time,

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the Series of First-Lien Secured Parties whose Authorized Representative is the Applicable Authorized Representative for such Shared Collateral.

“Credit Agreement” means that certain Credit Agreement, dated as of January 30, 2013, among Holdings, the Borrower, the lenders from time to time party thereto, Goldman Sachs Bank USA, as administrative agent (the “Administrative Agent”), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, and the other agents and parties party thereto, as amended, restated, extended, supplemented or otherwise modified from time to time.

“Credit Agreement Collateral Agent” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“Credit Agreement Collateral Documents” means the Security Agreement, the other Collateral Documents (as defined in the Credit Agreement) and each other agreement entered into in favor of the Credit Agreement Collateral Agent for the purpose of securing any Credit Agreement Obligations.

“Credit Agreement Obligations” means all “Obligations” as defined in the Credit Agreement.

“Credit Agreement Secured Parties” means the “Secured Parties” as defined in the Credit Agreement.

“DIP Financing” has the meaning assigned to such term in Section 2.05(b).

“DIP Financing Liens” has the meaning assigned to such term in Section 2.05(b).

“DIP Lenders” has the meaning assigned to such term in Section 2.05(b).

“Discharge” means, with respect to any Shared Collateral and any Series of First-Lien Obligations, the date on which such Series of First-Lien Obligations is no longer secured by such Shared Collateral. The term “Discharged” shall have a corresponding meaning.

“Discharge of Credit Agreement Obligations” means, with respect to any Shared Collateral, the Discharge of the Credit Agreement Obligations with respect to such Shared Collateral; provided that the Discharge of Credit Agreement Obligations shall not be deemed to have occurred in connection with a Refinancing of such Credit Agreement Obligations with additional First-Lien Obligations secured by such Shared Collateral under an Additional First-Lien Document which has been designated in writing by the Administrative Agent (under the Credit Agreement so Refinanced) to the Additional Collateral Agent and each other Authorized Representative as the “Credit Agreement” for purposes of this Agreement.

“Event of Default” means an “Event of Default” (or similarly defined term) as defined in any Secured Credit Document.

“First Lien L/C Issuer” means (i) each L/C Issuer (as defined in the Credit Agreement with respect to each Letter of Credit issued thereunder) and (ii) each other issuing bank in respect of a First Lien Letter of Credit.

“First Lien Letter of Credit” means any letter of credit issued under the Credit Agreement or any Additional First Lien Document.

“First-Lien Obligations” means, collectively, (i) the Credit Agreement Obligations and (ii) each Series of Additional First-Lien Obligations.

“First-Lien Secured Parties” means (i) the Credit Agreement Secured Parties and (ii) the Additional First-Lien Secured Parties with respect to each Series of Additional First-Lien Obligations.

“First-Lien Security Documents” means, collectively, (i) the Credit Agreement Collateral Documents and (ii) the Additional First-Lien Security Documents.

“Grantors” means Holdings, the Borrower and each of the Guarantors (as defined in the Credit Agreement) which has granted a security interest pursuant to any First-Lien Security Document to secure any Series of First-Lien Obligations. The Grantors existing on the date hereof are set forth in Annex I hereto.

“Impairment” has the meaning assigned to such term in Section 1.03.

“Initial Additional Authorized Representative” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“Initial Additional First-Lien Agreement” mean that certain [Credit Agreement] [Indenture] [Other Agreement], dated as of [\_\_\_\_\_], among the Borrower, [the Guarantors identified therein,] and [ \_\_\_\_\_ ], as [administrative agent] [trustee], as amended, restated, extended, supplemented or otherwise modified from time to time.

“Initial Additional First-Lien Documents” means the Initial Additional First-Lien Agreement, the [loans made] [debt securities issued] thereunder, the Initial Additional First-Lien Security Agreement and any security documents and other agreements evidencing or governing the Indebtedness thereunder and the Liens securing such Indebtedness.

“Initial Additional First-Lien Obligations” means the [Obligations] as such term is defined in the Initial Additional First-Lien Security Agreement. For the avoidance of doubt, Initial Additional First-Lien Obligations shall include the [Obligations] in respect of any Registered Equivalent Notes and guarantees thereof by the Grantors issued in exchange for any Initial Additional First-Lien Obligations.

“Initial Additional First-Lien Secured Parties” means the Additional Collateral Agent, the Initial Additional Authorized Representative and the holders of the Initial Additional First-Lien Obligations issued pursuant to the Initial Additional First-Lien Agreement.

“Initial Additional First-Lien Security Agreement” means the security agreement, dated as of the date hereof, among the Borrower, the Additional Collateral Agent and the other parties thereto, as amended, restated, extended, supplemented or otherwise modified from time to time.

“Insolvency or Liquidation Proceeding” means:

(1) any case commenced by or against the Borrower or any other Grantor under any Bankruptcy Law, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Borrower or any other Grantor, any receivership or assignment for the benefit of creditors relating to the Borrower or any other Grantor or any similar case or proceeding relative to the Borrower or any other Grantor or its creditors, as such, in each case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Borrower or any other Grantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(3) any other proceeding of any type or nature in which substantially all claims of creditors of the Borrower or any other Grantor are determined and any payment or distribution is or may be made on account of such claims.

“Intervening Creditor” has the meaning assigned to such term in Section 2.01(a).

“Joinder Agreement” means a joinder to this Agreement substantially in the form of Annex II hereto.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any Capitalized Lease having substantially the same economic effect as any of the foregoing); provided that in no event shall an operating lease in and of itself be deemed a Lien.

“Major Non-Controlling Authorized Representative” means, with respect to any Shared Collateral, the Authorized Representative of the Series of Additional First-Lien Obligations that constitutes the largest outstanding principal amount of any then outstanding Series of First-Lien Obligations (other than Credit Agreement Obligations) with respect to such Shared Collateral.

“New York UCC” means the Uniform Commercial Code as from time to time in effect in the State of New York.

“Non-Controlling Authorized Representative” means, at any time with respect to any Shared Collateral, any Authorized Representative that is not the Applicable Authorized Representative at such time with respect to such Shared Collateral.

“Non-Controlling Authorized Representative Enforcement Date” means, with respect to any Non-Controlling Authorized Representative, the date which is 180 days (throughout which 180 day period such Non-Controlling Authorized Representative was the Major Non-Controlling Authorized Representative) after the occurrence of both (i) an Event of Default (under and as defined in the Additional First-Lien Document under which such Non-Controlling Authorized Representative is the Authorized Representative) and (ii) each Collateral Agent’s and each other Authorized Representative’s receipt of written notice from such Non-Controlling Authorized Representative certifying that (x) such Non-Controlling Authorized Representative is the Major Non-Controlling Authorized Representative and that an Event of Default (under and as defined in the Additional First-Lien Document under which such Non-Controlling Authorized Representative is the Authorized Representative) has occurred and is continuing and (y) the Additional First-Lien Obligations of the Series with respect to which such Non-Controlling Authorized Representative is the Authorized Representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable Additional First-Lien Document; provided that the Non-Controlling Authorized Representative Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred with respect to any Shared Collateral (1) at any time the Administrative Agent or the Credit Agreement Collateral Agent has commenced and is diligently pursuing any enforcement action with respect to such Shared Collateral or (2) at any time the Grantor which has granted a security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any Insolvency or Liquidation Proceeding.

“Non-Controlling Secured Parties” means, with respect to any Shared Collateral, the First-Lien Secured Parties that are not Controlling Secured Parties with respect to such Shared Collateral.

“Proceeds” has the meaning assigned to such term in Section 2.01(a).

“Refinance” means, in respect of any indebtedness, to refinance, extend, renew, defease, amend, increase, modify, supplement, restructure, refund, replace or repay, or to issue other indebtedness or enter into alternative financing arrangements, in exchange or replacement for such indebtedness (in whole or in part), including by adding or replacing lenders, creditors, agents, borrowers and/or guarantors, and including in each case, but not limited to, after the original instrument giving rise to such indebtedness has been terminated and including, in each case, through any credit agreement, indenture or other agreement. “Refinanced” and “Refinancing” have correlative meanings.

“Registered Equivalent Notes” means, with respect to any notes originally issued in a Rule 144A or other private placement transaction under the Securities Act of 1933, substantially identical notes (having the same guarantees) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC.

“SEC” means the United States Securities and Exchange Commission and any successor agency thereto.

“Secured Credit Document” means (i) the Credit Agreement and each Loan Document (as defined in the Credit Agreement), (ii) each Initial Additional First-Lien Document, and (iii) each Additional First-Lien Document for Additional First-Lien Obligations incurred after the date hereof.

“Security Agreement” means the “Security Agreement,” dated as of January 30, 2013, among Holdings, the Borrower, the other Grantors party thereto, the Collateral Agent and the other parties thereto, as amended, restated, extended, supplemented or otherwise modified from time to time.

“Series” means (a) with respect to the First-Lien Secured Parties, each of (i) the Credit Agreement Secured Parties (in their capacities as such), (ii) the Initial Additional First-Lien Secured Parties (in their capacities as such), and (iii) the Additional First-Lien Secured Parties (in their capacities as such) that become subject to this Agreement after the date hereof that are represented by a common Authorized Representative (in its capacity as such for such Additional First-Lien Secured Parties) and (b) with respect to any First-Lien Obligations, each of (i) the Credit Agreement Obligations, (ii) the Initial Additional First-Lien Obligations, and (iii) the Additional First-Lien Obligations incurred after the date hereof pursuant to any Additional First-Lien Document, which pursuant to any Joinder Agreement, are to be represented hereunder by a common Authorized Representative (in its capacity as such for such Additional First-Lien Obligations).

“Shared Collateral” means, at any time, Collateral in which the holders of two or more Series of First-Lien Obligations hold a valid and perfected security interest at such time. If more than two Series of First-Lien Obligations are outstanding at any time and the holders of less than all Series of First-Lien Obligations hold a valid and perfected security interest in any Collateral at such time, then such Collateral shall constitute Shared Collateral for those Series of First-Lien Obligations that hold a valid and perfected security interest in such Collateral at such time and shall not constitute Shared Collateral for any Series which does not have a valid and perfected security interest in such Collateral at such time.

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["Trustee" has the meaning assigned to such term in Section 5.17.]

SECTION 1.02 Terms Generally.. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word "including" is by way of example and not limitation. The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument, other document, statute or regulation herein shall be construed as referring to such agreement, instrument, other document, statute or regulation as from time to time amended, restated, extended, supplemented or otherwise modified and, with respect to any statute or regulation, all statutory and regulatory provisions consolidating, replacing or interpreting such statute or regulation, (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, but shall not be deemed to include the subsidiaries of such Person unless express reference is made to such subsidiaries, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections and Annexes shall be construed to refer to Articles, Sections and Annexes of this Agreement, (v) unless otherwise expressly qualified herein, the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (vi) the term "or" is not exclusive and (vii) **the term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.**

SECTION 1.03 Impairments.. It is the intention of the First-Lien Secured Parties of each Series that the holders of First-Lien Obligations of such Series (and not the First-Lien Secured Parties of any other Series) bear the risk of (i) any determination by a court of competent jurisdiction that (x) any of the First-Lien Obligations of such Series are unenforceable under applicable law or are subordinated to any other obligations (other than another Series of First-Lien Obligations), (y) any of the First-Lien Obligations of such Series do not have an enforceable security interest in any of the Collateral securing any other Series of First-Lien Obligations and/or (z) any intervening security interest exists securing any other obligations (other than another Series of First-Lien Obligations) on a basis ranking prior to the security interest of such Series of First-Lien Obligations but junior to the security interest of any other Series of First-Lien Obligations or (ii) the existence of any Collateral for any other Series of First-Lien Obligations that is not Shared Collateral (any such condition referred to in the foregoing clauses (i) or (ii) with respect to any Series of First-Lien Obligations, an "Impairment" of such Series); provided that the existence of a maximum claim with respect to any Material Real Property (as defined in the Credit Agreement) subject to a mortgage that applies to all First-Lien Obligations shall not be deemed to be an Impairment of any Series of First-Lien Obligations. In the event of any Impairment with respect to any Series of First-Lien Obligations, the results of such Impairment shall be borne solely by the holders of such Series of First-Lien Obligations, and the rights of the holders of such Series of First-Lien Obligations (including, without limitation, the right to receive distributions in respect of such Series of First-Lien Obligations pursuant to Section 2.01) set forth herein shall be modified to the extent necessary so that the effects of such Impairment are borne solely by the holders of the Series of such First-Lien Obligations subject to such Impairment. Additionally, in the event the First-Lien Obligations of any Series are modified pursuant to applicable law (including, without limitation, pursuant to Section 1129 of the Bankruptcy Code), any reference to such First-Lien Obligations or the First-Lien Security Documents governing such First-Lien Obligations shall refer to such obligations or such documents as so modified.

## ARTICLE II

### Priorities and Agreements with Respect to Shared Collateral

#### SECTION 2.01 Priority of Claims.

(a) Anything contained herein or in any of the Secured Credit Documents to the contrary notwithstanding (but subject to Section 1.03), if an Event of Default has occurred and is continuing, and the Controlling Collateral Agent or any First-Lien Secured Party is taking action to enforce rights in respect of any Shared Collateral, or any distribution is made in respect of any Shared Collateral in any Bankruptcy Case of the Borrower or any other Grantor or any First-Lien Secured Party receives any payment pursuant to any intercreditor agreement (other than this Agreement) with respect to any Shared Collateral, the proceeds of any sale, collection or other liquidation of any such Collateral by the Controlling Collateral Agent or any First-Lien Secured Party on account of such enforcement of rights or remedies or received by the Controlling Collateral Agent or any First-Lien Secured Party pursuant to any such intercreditor agreement with respect to such Shared Collateral and proceeds of any such distribution (subject, in the case of any such distribution, to the sentence immediately following) to which the First-Lien Obligations are entitled under any intercreditor agreement (other than this Agreement) (all proceeds of any sale, collection or other liquidation of any Collateral and all proceeds of any such distribution being collectively referred to as "Proceeds"), shall be applied (i) FIRST, to the payment of all amounts owing to each Collateral Agent and Authorized Representative (each in its capacity as such) pursuant

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to the terms of any Secured Credit Document, (ii) SECOND, subject to Section 1.03, to the payment in full of the First-Lien Obligations of each Series on a ratable basis, with such Proceeds to be applied to the First-Lien Obligations of a given Series in accordance with the terms of the applicable Secured Credit Documents and (iii) THIRD, after (A) payment in full of all First-Lien Obligations, (B) cancellation of, or entry into arrangements reasonably satisfactory to the relevant First Lien L/C Issuer with respect to, all First Lien Letters of Credit and (C) termination or expiration of all commitments to lend and all obligations to issue letters of credit under the Credit Agreement and any Additional First Lien Documents, to the Borrower and the other Grantors or their successors or assigns, as their interests may appear, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. Notwithstanding the foregoing, with respect to any Shared Collateral for which a third party (other than a First-Lien Secured Party) has a lien or security interest that is junior in priority to the security interest of any Series of First-Lien Obligations but senior (as determined by appropriate legal proceedings in the case of any dispute) to the security interest of any other Series of First-Lien Obligations (such third party, an “Intervening Creditor”), the value of any Shared Collateral or Proceeds allocated to such Intervening Creditor shall be deducted on a ratable basis solely from the Shared Collateral or Proceeds to be distributed in respect of the Series of First-Lien Obligations with respect to which such Impairment exists.

(b) Notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any Liens securing any Series of First-Lien Obligations granted on the Shared Collateral and notwithstanding any provision of the Uniform Commercial Code of any jurisdiction, or any other applicable law or the Secured Credit Documents or any defect or deficiencies in the Liens securing the First-Lien Obligations of any Series or any other circumstance whatsoever (but, in each case, subject to Section 1.03), each First-Lien Secured Party hereby agrees that the Liens securing each Series of First-Lien Obligations on any Shared Collateral shall be of equal priority.

(c) Notwithstanding anything in this Agreement or any other First-Lien Security Documents to the contrary, Collateral consisting of cash and cash equivalents pledged to secure Credit Agreement Obligations consisting of reimbursement obligations in respect of Letters of Credit or otherwise held by the Credit Agreement Collateral Agent pursuant to Sections 2.03(a)(ii), 2.03(b)(iii), 2.03(g), 2.03(l), 2.04(a), 2.06(b)(vi), 2.06(c), 2.18, 3.07(x)(g) or 3.07(y) or Article VIII of the Credit Agreement (or any equivalent successor provision) shall be applied as specified in the Credit Agreement and will not constitute Shared Collateral.

**SECTION 2.02 Actions with Respect to Shared Collateral: Prohibition on Contesting Liens.**

a. Only the Controlling Collateral Agent shall act or refrain from acting with respect to any Shared Collateral (including with respect to any intercreditor agreement with respect to any Shared Collateral). At any time when the Credit Agreement Collateral Agent is the Controlling Collateral Agent, no Additional First-Lien Secured Party shall or shall instruct any Collateral Agent to, and neither the Additional Collateral Agent nor any other Collateral Agent that is not the Controlling Collateral Agent shall, commence any judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its security interest in or realize upon, or take any other action available to it in respect of, any Shared Collateral (including with respect to any intercreditor agreement with respect to any Shared Collateral), whether under any Additional First-Lien Security Document, applicable law or otherwise, it being agreed that only the Credit Agreement Collateral Agent, acting in accordance with the Credit Agreement Collateral Documents, shall be entitled to take any such actions or exercise any such remedies with respect to Shared Collateral at such time.

b. With respect to any Shared Collateral at any time when the Additional Collateral Agent is the Controlling Collateral Agent, (i) the Controlling Collateral Agent shall act only on the instructions of the Applicable Authorized Representative, (ii) the Controlling Collateral Agent shall not follow any instructions with respect to such Shared Collateral (including with respect to any intercreditor agreement with respect to any Shared Collateral) from any Non-Controlling Authorized Representative (or any other First-Lien Secured Party other than the Applicable Authorized Representative) and (iii) no Non-Controlling Authorized Representative or other First-Lien Secured Party (other than the Applicable Authorized Representative) shall or shall instruct the Controlling Collateral Agent to, commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its security interest in or realize upon, or take any other action available to it in respect of, any Shared Collateral (including with respect to any intercreditor agreement with respect to any Shared Collateral), whether under any First-Lien Security Document, applicable law or otherwise, it being agreed that only the Controlling Collateral Agent, acting on the instructions of the Applicable Authorized Representative and in accordance with the applicable Additional First-Lien Security Documents, shall be entitled to take any such actions or exercise any such remedies with respect to Shared Collateral.

c. Notwithstanding the equal priority of the Liens securing each Series of First-Lien Obligations, the Controlling Collateral Agent may deal with the Shared Collateral as if such Controlling Collateral Agent had a senior Lien on such

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Collateral. No Non-Controlling Authorized Representative or Non-Controlling Secured Party will contest, protest or object (or support the challenge of any other Person) to any foreclosure proceeding or action brought by the Controlling Collateral Agent, the Applicable Authorized Representative or the Controlling Secured Parties or any other exercise by the Controlling Collateral Agent, the Applicable Authorized Representative or the Controlling Secured Parties of any rights and remedies relating to the Shared Collateral, or to cause the Controlling Collateral Agent to do so. The foregoing shall not be construed to limit the rights and priorities of any First-Lien Secured Party, any Collateral Agent or any Authorized Representative with respect to any Collateral not constituting Shared Collateral.

d. Each of the First-Lien Secured Parties (and each Authorized Representative) agrees that it will not (and hereby waives any right to) question or contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the perfection, priority, validity, attachment or enforceability of a Lien held by or on behalf of any of the First-Lien Secured Parties in all or any part of the Collateral, or the provisions of this Agreement; provided that nothing in this Agreement shall be construed to prevent or impair the rights of any Collateral Agent or any Authorized Representative to enforce this Agreement.

e. Each of the Authorized Representatives agrees that it will not accept any Lien on any Collateral for the benefit of any Series of First-Lien Obligations (other than funds deposited for the discharge or defeasance of any Additional First-Lien Document, to the extent permitted by the applicable Secured Credit Documents) other than pursuant to the First-Lien Security Documents to which it is a party and pursuant to Sections 2.03(a)(ii), 2.03(b)(iii), 2.03(g), 2.03(l), 2.04(a), 2.06(b)(vi), 2.06(c), 2.18, 3.07(x)(g) or 3.07(y) or Article VIII (or other similar provisions) of the Credit Agreement, and by executing this Agreement (or a Joinder Agreement), each Authorized Representative and the Series of First-Lien Secured Parties for which it is acting hereunder agree to be bound by the provisions of this Agreement and the other First-Lien Security Documents applicable to it.

SECTION 2.03 No Interference: Payment Over. (a) Each First-Lien Secured Party agrees that (i) it will not challenge or question in any proceeding the validity or enforceability of any First-Lien Obligations of any Series or any First-Lien Security Document or the validity, attachment, perfection or priority of any Lien under any First-Lien Security Document or the validity or enforceability of the priorities, rights or duties established by, or other provisions of, this Agreement; (ii) it will not take or cause to be taken any action the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the Shared Collateral by the Controlling Collateral Agent, (iii) except as provided in Section 2.02, it shall have no right to (A) direct the Controlling Collateral Agent or any other First-Lien Secured Party to exercise, and shall not exercise, any right, remedy or power with respect to any Shared Collateral (including pursuant to any intercreditor agreement) or (B) consent to the exercise by the Controlling Collateral Agent or any other First-Lien Secured Party of any right, remedy or power with respect to any Shared Collateral, (iv) it will not institute any suit or assert in any suit, bankruptcy, insolvency or other proceeding any claim against the Controlling Collateral Agent or any other First-Lien Secured Party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Shared Collateral, and none of the Controlling Collateral Agent, any Applicable Authorized Representative or any other First-Lien Secured Party shall be liable for any action taken or omitted to be taken by the Controlling Collateral Agent, such Applicable Authorized Representative or other First-Lien Secured Party with respect to any Shared Collateral in accordance with the provisions of this Agreement, (v) it will not seek, and hereby waives any right, to have any Shared Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Collateral and (vi) it will not attempt, directly or indirectly, whether by judicial proceedings or otherwise, to challenge the enforceability of any provision of this Agreement; provided that nothing in this Agreement shall be construed to prevent or impair the rights of any of the Controlling Collateral Agent or any other First-Lien Secured Party to enforce this Agreement.

(b) Each First-Lien Secured Party hereby agrees that if it shall obtain possession of any Shared Collateral or shall realize any proceeds or payment in respect of any such Shared Collateral, pursuant to any First-Lien Security Document or by the exercise of any rights available to it under applicable law or in any Insolvency or Liquidation Proceeding or through any other exercise of remedies (including pursuant to any intercreditor agreement), at any time prior to the Discharge of each of the First-Lien Obligations, then it shall hold such Shared Collateral, proceeds or payment in trust for the other First-Lien Secured Parties and promptly transfer such Shared Collateral, proceeds or payment, as the case may be, to the Controlling Collateral Agent in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct, to be distributed in accordance with the provisions of Section 2.01 hereof.

SECTION 2.04 Automatic Release of Liens.

a. If, at any time the Controlling Collateral Agent forecloses upon or otherwise exercises remedies against any Shared Collateral resulting in a sale or disposition thereof, then (whether or not any Insolvency or Liquidation Proceeding is pending at the time) the Liens in favor of each other Collateral Agent for the benefit of each Series of First-Lien Secured Parties upon such Shared Collateral will automatically, unconditionally and simultaneously be released and discharged as and when, but

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only to the extent, such Liens of the Controlling Collateral Agent on such Shared Collateral are released and discharged; provided that any proceeds of any Shared Collateral realized therefrom shall be applied pursuant to Section 2.01.

b. Each Collateral Agent and Authorized Representative agrees to execute and deliver all such authorizations and other instruments as shall reasonably be requested by the Controlling Collateral Agent to evidence and confirm any release of Shared Collateral provided for in this Section.

**SECTION 2.05 Certain Agreements with Respect to Bankruptcy or Insolvency Proceedings.**

a. This Agreement shall continue in full force and effect notwithstanding the commencement of any Insolvency or Liquidation Proceeding. The parties hereto acknowledge that the provisions of this Agreement are intended to be enforceable as contemplated by Section 510(a) of the Bankruptcy Code.

b. If the Borrower and/or any other Grantor shall become subject to a case (a "Bankruptcy Case") under the Bankruptcy Code and shall, as debtor(s)-in-possession, move for approval of financing ("DIP Financing") to be provided by one or more lenders (the "DIP Lenders") under Section 364 of the Bankruptcy Code or any equivalent provision of any other Bankruptcy Law or the use of cash collateral under Section 363 of the Bankruptcy Code or any equivalent provision of any other Bankruptcy Law, each First-Lien Secured Party (other than any Controlling Secured Party or the Authorized Representative of any Controlling Secured Party) agrees that it will raise no objection to any such financing or to the Liens on the Shared Collateral securing the same ("DIP Financing Liens") or to any use of cash collateral that constitutes Shared Collateral, unless the Controlling Collateral Agent (in the case of the Additional Collateral Agent, acting on the instructions of the Applicable Authorized Representative) shall then oppose or object to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Shared Collateral for the benefit of the Controlling Secured Parties, each Non-Controlling Secured Party will subordinate its Liens with respect to such Shared Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any First-Lien Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank *pari passu* with the Liens on any such Shared Collateral granted to secure the First-Lien Obligations of the Controlling Secured Parties, each Non-Controlling Secured Party will confirm the priorities with respect to such Shared Collateral as set forth herein), in each case so long as (A) the First-Lien Secured Parties of each Series retain the benefit of their Liens on all such Shared Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority vis-à-vis all the other First-Lien Secured Parties (other than any Liens of the First-Lien Secured Parties constituting DIP Financing Liens) as existed prior to the commencement of the Bankruptcy Case, (B) the First-Lien Secured Parties of each Series are granted Liens on any additional collateral pledged to any First-Lien Secured Parties as adequate protection or otherwise in connection with such DIP Financing or use of cash collateral, with the same priority vis-à-vis the First-Lien Secured Parties as set forth in this Agreement, (C) if any amount of such DIP Financing or cash collateral is applied to repay any of the First-Lien Obligations, such amount is applied pursuant to Section 2.01, and (D) if any First-Lien Secured Parties are granted adequate protection, including in the form of periodic payments, in connection with such DIP Financing or use of cash collateral, the proceeds of such adequate protection are applied pursuant to Section 2.01; provided that this Agreement shall not limit the right of the First-Lien Secured Parties of each Series to object to the grant of a Lien to secure the DIP Financing over any Collateral subject to Liens in favor of the First-Lien Secured Parties of such Series or its Authorized Representative that shall not constitute Shared Collateral; and provided, further, that the First-Lien Secured Parties receiving adequate protection shall not object to any other First-Lien Secured Party receiving adequate protection comparable to any adequate protection granted to such First-Lien Secured Parties in connection with a DIP Financing or use of cash collateral.

**SECTION 2.06 Reinstatement.** In the event that any of the First-Lien Obligations shall be paid in full and such payment or any part thereof shall subsequently, for whatever reason (including an order or judgment for disgorgement of a preference under the Bankruptcy Code, or any similar law, or the settlement of any claim in respect thereof), be required to be returned or repaid, the terms and conditions of this Article II shall be fully applicable thereto until all such First-Lien Obligations shall again have been paid in full in cash. This Section 2.06 shall survive the termination of this Agreement.

**SECTION 2.07 Insurance.** As between the First-Lien Secured Parties, the Controlling Collateral Agent shall have the right to adjust or settle any insurance policy or claim covering or constituting Shared Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding affecting the Shared Collateral.

**SECTION 2.08 Refinancings, etc.** The First-Lien Obligations of any Series may, subject to the limitations set forth in the then existing Secured Credit Documents, be increased, extended, renewed, replaced, restated, supplemented, restructured, repaid, refunded, Refinanced (in whole or in part) or otherwise amended or modified from time to time, in each case, without notice to, or the consent (except to the extent a consent is otherwise required to permit the Refinancing transaction under

any Secured Credit Document) of any First-Lien Secured Party of any other Series, all without affecting the priorities provided for herein or the other provisions hereof; provided that the Authorized Representative of the holders of any such Refinancing indebtedness shall have executed a Joinder Agreement on behalf of the holders of such Refinancing indebtedness.

**SECTION 2.09 Control Collateral Agent as Gratuitous Bailee for Perfection.**

a. The Control Collateral shall be delivered, or control thereof transferred, to the Credit Agreement Collateral Agent and the Credit Agreement Collateral Agent agrees to hold (and, pending delivery or transfer of control of the Control Collateral to the Credit Agreement Collateral Agent, each other Collateral Agent agrees to hold) any Shared Collateral constituting Control Collateral that is part of the Collateral in its possession or control (or in the possession or control of its agents or bailees) as gratuitous bailee for the benefit of each other First-Lien Secured Party and any assignee solely for the purpose of perfecting the security interest granted in such Control Collateral, if any, pursuant to the applicable First-Lien Security Documents, in each case, subject to the terms and conditions of this Section 2.09; provided that at any time the Credit Agreement Collateral Agent is not the Controlling Collateral Agent, the Credit Agreement Collateral Agent shall, at the request of the Additional Collateral Agent, promptly deliver or transfer control of all Control Collateral to the Additional Collateral Agent together with any necessary endorsements (or otherwise allow the Additional Collateral Agent to obtain possession or control of such Control Collateral). The Borrower shall take such further action as is required to effectuate the transfer contemplated hereby and shall indemnify each Collateral Agent for loss or damage suffered by such Collateral Agent as a result of such transfer except for loss or damage suffered by such Collateral Agent as a result of the willful misconduct, gross negligence, bad faith or material breach of this Agreement by such Collateral Agent or any affiliate, director, officer, employee, counsel, agent or attorney-in-fact of such Collateral Agent (as determined by a court of competent jurisdiction in a final, non-appealable judgment).

b. Pending delivery or transfer of control of the Control Collateral to the Additional Collateral Agent as provided in Section 2.09(a), the Controlling Collateral Agent agrees to hold or maintain control of any Shared Collateral constituting Control Collateral, from time to time in its possession, as gratuitous bailee for the benefit of each other First-Lien Secured Party and any assignee, solely for the purpose of perfecting the security interest granted in such Control Collateral, if any, pursuant to the applicable First-Lien Security Documents, in each case, subject to the terms and conditions of this Section 2.09.

c. The duties or responsibilities of each Collateral Agent under this Section 2.09 shall be limited solely to holding or maintaining control of any Shared Collateral constituting Control Collateral as gratuitous bailee for the benefit of each other First-Lien Secured Party for purposes of perfecting the Lien held by such First-Lien Secured Parties thereon.

**SECTION 2.10 Amendments to Security Documents.**

a. Without the prior written consent of the Credit Agreement Collateral Agent, each Additional First-Lien Secured Party agrees that no Additional First-Lien Security Document may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification, or the terms of any new Additional First-Lien Security Document would be prohibited by, or would require any Grantor to act or refrain from acting in a manner that would violate, any of the terms of this Agreement or any Secured Credit Document.

b. Without the prior written consent of the Additional Collateral Agent, the Credit Agreement Collateral Agent agrees that no Credit Agreement Collateral Document may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification, or the terms of any new Credit Agreement Collateral Document would be prohibited by, or would require any Grantor to act or refrain from acting in a manner that would violate, any of the terms of this Agreement or any Secured Credit Document.

c. In making determinations required by this Section 2.10, each Collateral Agent may conclusively rely on a certificate of an authorized officer of the Borrower stating that such amendment is permitted by Section 2.10(a) or (b), as the case may be.

**ARTICLE III**

**Existence and Amounts of Liens and Obligations**

**SECTION 3.01 Determinations with Respect to Amounts of Liens and Obligations.** Whenever a Collateral Agent or any Authorized Representative shall be required, in connection with the exercise of its rights or the performance of its obligations hereunder, to determine the existence or amount of any First-Lien Obligations of any Series, or the Shared Collateral subject to any Lien securing the First-Lien Obligations of any Series, it may request that such information be furnished to it in

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writing by each other Authorized Representative or Collateral Agent and shall be entitled to make such determination or not make any determination on the basis of the information so furnished; provided, however, that if an Authorized Representative or a Collateral Agent shall fail or refuse reasonably promptly to provide the requested information, the requesting Collateral Agent or Authorized Representative shall be entitled to make any such determination by such method as it may, in the exercise of its good faith judgment, determine, including by reliance upon a certificate of the Borrower. Each Collateral Agent and each Authorized Representative may rely conclusively, and shall be fully protected in so relying, on any determination made by it in accordance with the provisions of the preceding sentence (or as otherwise directed by a court of competent jurisdiction) and shall have no liability to any Grantor, any First-Lien Secured Party or any other person as a result of such determination.

#### ARTICLE IV

##### The Controlling Collateral Agent

SECTION 4.01 Authority. [Reserved]. In furtherance of the foregoing, each Non-Controlling Secured Party acknowledges and agrees that the Controlling Collateral Agent shall be entitled, for the benefit of the First-Lien Secured Parties, to sell, transfer or otherwise dispose of or deal with any Shared Collateral as provided herein and in the First-Lien Security Documents, as applicable, pursuant to which the Controlling Collateral Agent is the collateral agent for such Shared Collateral, without regard to any rights to which the Non-Controlling Secured Parties would otherwise be entitled as a result of the First-Lien Obligations held by such Non-Controlling Secured Parties. Without limiting the foregoing, each Non-Controlling Secured Party agrees that none of the Controlling Collateral Agent, the Applicable Authorized Representative or any other First-Lien Secured Party shall have any duty or obligation first to marshal or realize upon any type of Shared Collateral (or any other Collateral securing any of the First-Lien Obligations), or to sell, dispose of or otherwise liquidate all or any portion of such Shared Collateral (or any other Collateral securing any First-Lien Obligations), in any manner that would maximize the return to the Non-Controlling Secured Parties, notwithstanding that the order and timing of any such realization, sale, disposition or liquidation may affect the amount of proceeds actually received by the Non-Controlling Secured Parties from such realization, sale, disposition or liquidation. Except with respect to any actions expressly prohibited or required to be taken by this Agreement, each of the First-Lien Secured Parties waives any claim it may now or hereafter have against any Collateral Agent or the Authorized Representative of any other Series of First-Lien Obligations or any other First-Lien Secured Party of any other Series arising out of (i) any actions which any Collateral Agent, Authorized Representative or the First-Lien Secured Parties take or omit to take (including, actions with respect to the creation, perfection or continuation of Liens on any Collateral, actions with respect to the foreclosure upon, sale, release or depreciation of, or failure to realize upon, any of the Collateral and actions with respect to the collection of any claim for all or any part of the First-Lien Obligations from any account debtor, guarantor or any other party) in accordance with the First-Lien Security Documents or any other agreement related thereto or to the collection of the First-Lien Obligations or the valuation, use, protection or release of any security for the First-Lien Obligations, (ii) any election by any Applicable Authorized Representative or any holders of First-Lien Obligations, in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b) of the Bankruptcy Code or (iii) subject to Section 2.05, any borrowing by, or grant of a security interest or administrative expense priority under Section 364 of the Bankruptcy Code or any equivalent provision of any other Bankruptcy Law, by the Borrower or any of its Subsidiaries, as debtor-in-possession. Notwithstanding any other provision of this Agreement, the Controlling Collateral Agent shall not accept any Shared Collateral in full or partial satisfaction of any First-Lien Obligations pursuant to Section 9-620 of the Uniform Commercial Code of any jurisdiction, without the consent of each Authorized Representative representing holders of First-Lien Obligations for whom such Collateral constitutes Shared Collateral.

SECTION 4.02 Rights as a First-Lien Secured Party. The Person serving as the Controlling Collateral Agent hereunder shall have the same rights and powers in its capacity as a First-Lien Secured Party under any Series of First-Lien Obligations that it holds as any other First-Lien Secured Party of such Series and may exercise the same as though it were not the Collateral Agent and the term "First-Lien Secured Party" or "First-Lien Secured Parties" or (as applicable) "Credit Agreement Secured Party", "Credit Agreement Secured Parties", "Additional First-Lien Secured Party", "Additional First-Lien Secured Parties", "Initial Additional First-Lien Secured Party" or "Initial Additional First-Lien Secured Parties" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Controlling Collateral Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Controlling Collateral Agent hereunder and without any duty to account therefor to any other First-Lien Secured Party.

SECTION 4.03 Exculpatory Provisions. (a) The Controlling Collateral Agent shall not have any duties or obligations except those expressly set forth herein and in the other First-Lien Security Documents. Without limiting the generality of the foregoing, the Controlling Collateral Agent:

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(i) shall not be subject to any fiduciary or other implied duties of any kind or nature to any Person, regardless of whether an Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other First-Lien Security Documents that the Controlling Collateral Agent is required to exercise as directed in writing by the Applicable Authorized Representative; provided that the Controlling Collateral Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Collateral Agent to liability or that is contrary to any First-Lien Security Document or applicable law;

(iii) shall not, except as expressly set forth herein and in the other First-Lien Security Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Controlling Collateral Agent or any of its Affiliates in any capacity;

(iv) shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Applicable Authorized Representative or (ii) in the absence of the willful misconduct, gross negligence, bad faith or material breach of this Agreement by the Controlling Collateral Agent or any affiliate, director, officer, employee, counsel, agent or attorney-in-fact of the Controlling Collateral Agent (as determined by a court of competent jurisdiction in a final, non-appealable judgment) or (iii) in reliance on a certificate of an authorized officer of the Borrower stating that such action is permitted by the terms of this Agreement (it being understood and agreed that the Controlling Collateral Agent shall be deemed not to have knowledge of any Event of Default under any Series of First-Lien Obligations unless and until notice describing such Event Default is given to the Controlling Collateral Agent by the Authorized Representative of such First-Lien Obligations or the Borrower);

(v) shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other First-Lien Security Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other First-Lien Security Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the First-Lien Security Documents, (v) the value or the sufficiency of any Collateral for any Series of First-Lien Obligations, or (vi) the satisfaction of any condition set forth in any Secured Credit Document, other than to confirm receipt of items expressly required to be delivered to the Controlling Collateral Agent; and

(vi) with respect to the Credit Agreement or any Additional First-Lien Document, may conclusively assume that the Grantors have complied with all of their obligations thereunder unless advised in writing by the Authorized Representative thereunder to the contrary specifically setting forth the alleged violation.

(b) Each First-Lien Secured Party acknowledges that, in addition to acting as the initial Controlling Collateral Agent, Goldman Sachs Bank USA also serves as Administrative Agent and Collateral Agent (under, and as defined in, the Credit Agreement), and each First-Lien Secured Party hereby waives any right to make any objection or claim against Goldman Sachs Bank USA (or any successor Controlling Collateral Agent or any of their respective counsel) based on any alleged conflict of interest or breach of duties arising from the Controlling Collateral Agent also serving as the Administrative Agent and Collateral Agent.

**SECTION 4.04 Reliance by Controlling Collateral Agent.** 2The Controlling Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Controlling Collateral Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. The Controlling Collateral Agent may consult with legal counsel (who may include, but shall not be limited to, counsel for the Borrower or counsel for the Applicable Authorized Representative), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**SECTION 4.05 Delegation of Duties.** 2The Controlling Collateral Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other First-Lien Security Document by or through any one or more sub-agents appointed by the Controlling Collateral Agent. The Controlling Collateral Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Affiliates of the Controlling Collateral Agent and any such sub-agent.

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SECTION 4.06 Non Reliance on Controlling Collateral Agent and Other First-Lien Secured Parties. Each First-Lien Secured Party acknowledges that it has, independently and without reliance upon the Controlling Collateral Agent, any Authorized Representative or any other First-Lien Secured Party or any of their Affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Secured Credit Documents. Each First-Lien Secured Party also acknowledges that it will, independently and without reliance upon the Controlling Collateral Agent, any Authorized Representative or any other First-Lien Secured Party or any of their Affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Secured Credit Document or any related agreement or any document furnished hereunder or thereunder.

## ARTICLE V

Miscellaneous

SECTION 5.01 Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy or electronic mail, as follows:

- address: [
- a. if to the Credit Agreement Collateral Agent, to it at [ ], Attention of [ ] (Fax No. [ ]), Email [ ];
  - b. if to the Initial Additional Authorized Representative, to it at [ ], Attention of [ ] (Fax No. [ ]), Email address: [ ];
  - c. if to any other Authorized Representative, to it at the address set forth in the applicable Joinder Agreement.

Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and, may be personally served, telecopied, electronically mailed or sent by courier service or U.S. mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or electronic mail or upon receipt via U.S. mail (registered or certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto shall be as set forth above or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

SECTION 5.02 Waivers; Amendment; Joinder Agreements.

a. No failure or delay on the part of any party hereto in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereto are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any party therefrom shall in any event be effective unless the same shall be permitted by Section 5.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

b. Neither this Agreement nor any provision hereof may be terminated, waived, amended or modified (other than pursuant to any Joinder Agreement), except pursuant to an agreement or agreements in writing entered into by each Authorized Representative and each Collateral Agent (and with respect to any such termination, waiver, amendment or modification which by the terms of this Agreement requires the Borrower's consent or which directly and adversely affects the rights, interests, liabilities or privileges of, or impose additional duties and obligations on, the Borrower or any other Grantor, with the consent of the Borrower).

c. Notwithstanding the foregoing, without the consent of any First-Lien Secured Party, any Authorized Representative may become a party hereto by execution and delivery of a Joinder Agreement in accordance with Section 5.13 and upon such execution and delivery, such Authorized Representative and the Additional First-Lien Secured Parties and Additional First-Lien Obligations of the Series for which such Authorized Representative is acting shall be subject to the terms hereof.

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d. Notwithstanding the foregoing, in connection with any Refinancing of First-Lien Obligations of any Series, or the incurrence of Additional First-Lien Obligations of any Series, the Collateral Agents and the Authorized Representatives then party hereto shall enter (and are hereby authorized to enter without the consent of any other First-Lien Secured Party), at the request of any Collateral Agent, any Authorized Representative or the Borrower, into such amendments or modifications of this Agreement as are reasonably necessary to reflect such Refinancing or such incurrence and are reasonably satisfactory to each such Collateral Agent and each such Authorized Representative, provided that any Collateral Agent or Authorized Representative may condition its execution and delivery of any such amendment or modification on a receipt of a certificate from an authorized officer of the Borrower to the effect that such Refinancing or incurrence is permitted by the then existing Secured Credit Documents.

SECTION 5.03 Parties in Interest.. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, as well as the other First-Lien Secured Parties, all of whom are intended to be bound by, and to be third party beneficiaries of, this Agreement.

SECTION 5.04 Survival of Agreement.. All covenants, agreements, representations and warranties made by any party in this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement.

SECTION 5.05 Counterparts.. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page of this Agreement shall be effective as delivery of an original executed counterpart hereof.

SECTION 5.06 Severability.. If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 5.07 GOVERNING LAW.. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.08 Submission to Jurisdiction Waivers; Consent to Service of Process.. Each Collateral Agent and each Authorized Representative, on behalf of itself and the First-Lien Secured Parties of the Series for whom it is acting, irrevocably and unconditionally:

a. submits for itself and its property in any legal action or proceeding relating to this Agreement and the First-Lien Security Documents, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the courts of the State of New York sitting in New York City in the Borough of Manhattan and of the United States District Court of the Southern District of New York, and appellate courts from any thereof and agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law;

b. consents and agrees that any such action or proceeding shall be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

c. agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Person (or its Authorized Representative) at the address set forth in Section 5.01;

d. agrees that nothing herein shall affect the right of any other party hereto (or any First-Lien Secured Party) to effect service of process in any other manner permitted by law; and

e. waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 5.08 any special, exemplary, punitive or consequential damages.

SECTION 5.09 WAIVER OF JURY TRIAL.. 2EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR FOR ANY COUNTERCLAIM THEREIN, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER

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ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH ACTION OR PROCEEDING SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 5.09 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 5.10 Headings.. Article, Section and Annex headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 5.11 Conflicts.. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of any of the First-Lien Security Documents or any of the other Secured Credit Documents, the provisions of this Agreement shall control.

SECTION 5.12 Provisions Solely to Define Relative Rights.. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the First-Lien Secured Parties in relation to one another. None of the Borrower, any other Grantor or any other creditor thereof shall have any rights or obligations hereunder, except as expressly provided in this Agreement (provided that nothing in this Agreement (other than Section 2.04, 2.05, 2.08, 2.09 or Article V) is intended to or will amend, waive or otherwise modify the provisions of the Credit Agreement or any Additional First-Lien Documents), and none of the Borrower or any other Grantor may rely on the terms hereof (other than Sections 2.04, 2.05, 2.08, 2.09 and Article V). Nothing in this Agreement is intended to or shall impair the obligations of any Grantor, which are absolute and unconditional, to pay the First-Lien Obligations as and when the same shall become due and payable in accordance with their terms.

SECTION 5.13 Additional Senior Debt.. To the extent, but only to the extent permitted by the provisions of the then existing Secured Credit Documents, the Borrower may incur additional indebtedness after the date hereof that is secured on an equal and ratable basis by the Liens securing the First-Lien Obligations (such indebtedness referred to as "Additional Senior Class Debt"). Any such Additional Senior Class Debt may be secured by a Lien and may be Guaranteed by the Grantors on a senior basis, in each case under and pursuant to the Additional First-Lien Documents, if and subject to the condition that the Authorized Representative of any such Additional Senior Class Debt (each, an "Additional Senior Class Debt Representative"), acting on behalf of the holders of such Additional Senior Class Debt (such Authorized Representative and holders in respect of any Additional Senior Class Debt being referred to as the "Additional Senior Class Debt Parties"), becomes a party to this Agreement as an Authorized Representative by satisfying the conditions set forth in clauses (i) through (iv) of the immediately succeeding paragraph.

In order for an Additional Senior Class Debt Representative to become a party to this Agreement as an Authorized Representative,

i. such Additional Senior Class Debt Representative, the Controlling Collateral Agent, each Authorized Representative and each Grantor shall have executed and delivered a Joinder Agreement (with such changes as may be reasonably approved by the Controlling Collateral Agent and Additional Senior Class Debt Representative) pursuant to which such Additional Senior Class Debt Representative becomes an Authorized Representative hereunder, and the Additional Senior Class Debt in respect of which such Additional Senior Class Debt Representative is the Authorized Representative constitutes Additional First-Lien Obligations and the related Additional Senior Class Debt Parties become subject hereto and bound hereby as Additional First-Lien Secured Parties;

ii. the Borrower shall have (x) delivered to each Collateral Agent true and complete copies of each of the Additional First-Lien Documents relating to such Additional Senior Class Debt, certified as being true and correct by an authorized officer of the Borrower and (y) identified in a certificate of an authorized officer the obligations to be designated as Additional First-Lien Obligations and the initial aggregate principal amount or face amount thereof and certified that such obligations are permitted to be incurred and secured on a pari passu basis with the then existing First-Lien Obligations and by the terms of the then existing Secured Credit Documents;

iii. all filings, recordations and/or amendments or supplements to the First-Lien Security Documents necessary or desirable in the reasonable judgment of the Additional Collateral Agent to confirm and perfect the Liens securing the relevant obligations relating to such Additional Senior Class Debt shall have been made, executed and/or delivered (or, with respect to any such filings or recordations, acceptable provisions to perform such filings or recordations shall have been taken in the reasonable judgment of the Additional Collateral Agent), and all fees and taxes in connection therewith shall have been paid (or acceptable provisions to make such payments have been taken in the reasonable judgment of the Additional Collateral Agent); and

iv. the Additional First-Lien Documents, as applicable, relating to such Additional Senior Class Debt shall provide, in a manner reasonably satisfactory to each Collateral Agent, that each Additional Senior Class Debt Party with respect to such Additional Senior Class Debt will be subject to and bound by the provisions of this Agreement in its capacity as a holder of such Additional Senior Class Debt.

Each Authorized Representative acknowledges and agrees that upon execution and delivery of a Joinder Agreement substantially in the form of Annex II by an Additional Senior Class Debt Representative and each Grantor in accordance with this Section 5.13, the Additional Collateral Agent will continue to act in its capacity as Additional Collateral Agent in respect of the then existing Authorized Representatives (other than the Administrative Agent) and such additional Authorized Representative.

SECTION 5.14 Agent Capacities. 2 Except as expressly provided herein or in the Credit Agreement Collateral Documents, Goldman Sachs Bank USA is acting in the capacities of Administrative Agent and Credit Agreement Collateral Agent solely for the Credit Agreement Secured Parties. Except as expressly provided herein or in the Additional First-Lien Security Documents, [ ] is acting in the capacity of Additional Collateral Agent solely for the Additional First-Lien Secured Parties. Except as expressly set forth herein, none of the Administrative Agent, the Credit Agreement Collateral Agent or the Additional Collateral Agent shall have any duties or obligations in respect of any of the Collateral, all of such duties and obligations, if any, being subject to and governed by the applicable Secured Credit Documents.

SECTION 5.15 Integration. 2 This Agreement together with the other Secured Credit Documents and the First-Lien Security Documents represents the agreement of each of the Grantors and the First-Lien Secured Parties with respect to the subject matter hereof and there are no promises, undertakings, representations or warranties by any Grantor, the Credit Agreement Collateral Agent, or any other First-Lien Secured Party relative to the subject matter hereof not expressly set forth or referred to herein or in the other Secured Credit Documents.

SECTION 5.16 Additional Grantors. 2 The Borrower agrees that, if any Subsidiary shall become a Grantor after the date hereof, it will promptly cause such Subsidiary to become party hereto by executing and delivering an instrument in the form of Annex III. Any successor or assign of Holdings shall execute and deliver an instrument substantially in the form of Annex III. Upon such execution and delivery, such Subsidiary or successor or assign of Holdings will become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of such instrument shall not require the consent of any other party hereunder, and will be acknowledged by the Administrative Agent, the Initial Additional Authorized Representative and each additional Authorized Representative. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

SECTION 5.17 Administrative Agent and Representative. 2 It is understood and agreed that (a) the Administrative Agent is entering into this Agreement in its capacity as administrative agent and collateral agent under the Credit Agreement and the provisions of Article IX of the Credit Agreement applicable to the Agents (as defined therein) thereunder shall also apply to the Administrative Agent hereunder and (b) [ ] is entering into this Agreement in its capacity as [Administrative Agent] [Trustee] under [credit agreement] [indenture] (the ["Additional Administrative Agent"] ["Trustee"]) and the provisions of Article [ ] of such indenture applicable to the Trustee thereunder shall also apply to the [Additional Administrative Agent] [Trustee] hereunder.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

GOLDMAN SACHS BANK USA,  
as Credit Agreement Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

GOLDMAN SACHS BANK USA,  
as Authorized Representative for the Credit Agreement Secured Parties

By: \_\_\_\_\_  
Name:  
Title:

[ \_\_\_\_\_ ],  
as Additional Collateral Agent and as Initial Additional Authorized Representative

By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to First Lien Intercreditor Agreement]*

---

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

BRIGHT HORIZONS CAPITAL CORP.

By: \_\_\_\_\_  
Name:  
Title:

[GRANTORS]

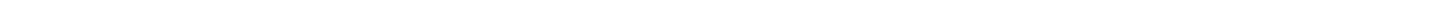
By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to First Lien Intercreditor Agreement]*

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Grantors  
Schedule 1

[•]  
[•]  
[•]  
[•]



## ANNEX II

[FORM OF] JOINDER NO. [ ] dated as of [ ], 20[ ] (this “Joinder”), to the FIRST LIEN INTERCREDITOR AGREEMENT dated as of [ ], [ ] (the “First Lien Intercreditor Agreement”), among BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation (“Holdings”), BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware corporation (the “Borrower”), and certain subsidiaries of the Borrower (together with the Borrower and Holdings, the “Grantors” and each, a “Grantor”), GOLDMAN SACHS BANK USA, as Credit Agreement Collateral Agent for the Credit Agreement Secured Parties under the First-Lien Security Documents (in such capacity, the “Credit Agreement Collateral Agent”), GOLDMAN SACHS BANK USA, as Authorized Representative for the Credit Agreement Secured Parties, [ ], as Initial Additional Authorized Representative, and the additional Authorized Representatives from time to time party thereto. <sup>(1)</sup>

A. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the First Lien Intercreditor Agreement.

B. As a condition to the ability of the Grantors to incur Additional First-Lien Obligations and to secure such Additional Senior Class Debt with the liens and security interests created by the Additional First-Lien Security Documents relating thereto, the Additional Senior Class Debt Representative in respect of such Additional Senior Class Debt is required to become an Authorized Representative, and such Additional Senior Class Debt and the Additional Senior Class Debt Parties in respect thereof are required to become subject to and bound by, the First Lien Intercreditor Agreement. Section 5.13 of the First Lien Intercreditor Agreement provides that such Additional Senior Class Debt Representative may become an Authorized Representative, and such Additional Senior Class Debt and such Additional Senior Class Debt Parties may become subject to and bound by the First Lien Intercreditor Agreement as Additional First-Lien Obligations and Additional First-Lien Secured Parties, respectively, upon the execution and delivery by the Senior Debt Class Representative of an instrument in the form of this Joinder and the satisfaction of the other conditions set forth in Section 5.13 of the First Lien Intercreditor Agreement. The undersigned Additional Senior Class Debt Representative (the “New Representative”) is executing this Joinder in accordance with the requirements of the First Lien Intercreditor Agreement and the First-Lien Security Documents.

Accordingly, the parties hereto hereby agree as follows:

SECTION 1. In accordance with Section 5.13 of the First Lien Intercreditor Agreement, the New Representative by its signature below becomes an Authorized Representative under, and the related Additional Senior Class Debt and Additional Senior Class Debt Parties become subject to and bound by, the First Lien Intercreditor Agreement as Additional First-Lien Obligations and Additional First-Lien Secured Parties, with the same force and effect as if the New Representative had originally been named therein as an Authorized Representative and the New Representative, on its behalf and on behalf of such Additional Senior Class Debt Parties, hereby agrees to all the terms and provisions of the First Lien Intercreditor Agreement applicable to it as Authorized Representative and to the Additional Senior Class Debt Parties that it represents as Additional First-Lien Secured Parties. Each reference to an “Authorized Representative” in the First Lien Intercreditor Agreement shall be deemed to include the New Representative. The First Lien Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to each Collateral Agent, each Authorized Representative and the other First-Lien Secured Parties, individually, that (i) it has full power and authority to enter into this Joinder, in its capacity as [trustee/administrative agent and] collateral agent, (ii) this Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to Debtor Relief Laws, general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing and (iii) the Additional First-Lien Documents relating to such Additional Senior Class Debt provide that, upon the New Representative’s entry into this Agreement, the Additional Senior Class Debt Parties in respect of such Additional Senior Class Debt will be subject to and bound by the provisions of the First Lien Intercreditor Agreement as Additional First-Lien Secured Parties.

SECTION 3. This Joinder may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Joinder shall become effective when each Collateral Agent shall have received a counterpart of this Joinder that bears the signatures of the New Representative. Delivery by telecopier, pdf or other electronic imaging means of an executed counterpart of a signature page of this Joinder shall be effective as delivery of an original executed counterpart hereof.

---

(1) In the event of the Refinancing of the Credit Agreement Obligations, revise to reflect joinder by a new Credit Agreement Collateral Agent.

---

SECTION 4. Except as expressly supplemented hereby, the First Lien Intercreditor Agreement shall remain in full force and effect.

SECTION 5. **THIS JOINDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

SECTION 6. If any provision of this Joinder is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Joinder shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 5.01 of the First Lien Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at its address set forth below its signature hereto.

SECTION 8. The Borrower agrees to reimburse each Collateral Agent and each Authorized Representative for its reasonable out-of-pocket expenses in connection with this Joinder, including the reasonable fees, other charges and disbursements of counsel, in each case as required by the applicable Secured Credit Documents.

IN WITNESS WHEREOF, the New Representative has duly executed this Joinder to the First Lien Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE], as  
[ ] and as collateral agent for the holders of [ ],

By: \_\_\_\_\_

Name:

Title:

Address for notices:

attention of:

Telecopy:

---

Acknowledged by:  
GOLDMAN SACHS BANK USA,  
as the Credit Agreement Collateral Agent and Authorized Representative,

By: \_\_\_\_\_  
Name:  
Title:

[\_\_\_\_\_] ,  
as the Initial Additional Authorized Representative [and the Additional Collateral Agent],

By: \_\_\_\_\_  
Name:  
Title:

[OTHER AUTHORIZED REPRESENTATIVES]  
BRIGHT HORIZONS FAMILY SOLUTIONS LLC  
as Borrower

By: \_\_\_\_\_  
Name:  
Title:

BRIGHT HORIZONS CAPITAL CORP.,  
as Holdings

By: \_\_\_\_\_  
Name:  
Title:

THE OTHER GRANTORS  
LISTED ON SCHEDULE I HERETO,

By: \_\_\_\_\_  
Name:  
Title:

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Grantors

[•]  
[•]  
[•]  
[•]

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SUPPLEMENT NO. [ ] dated as of [ ], 20[ ] (this “Supplement”), to the FIRST LIEN INTERCREDITOR AGREEMENT dated as of [ ], 20[ ] (the “First Lien Intercreditor Agreement”), among BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation (“Holdings”), BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware corporation (the “Borrower”), and certain subsidiaries and affiliates of the Borrower (together with the Borrower and Holdings, the “Grantors” and each, a “Grantor”), GOLDMAN SACHS BANK USA, as Credit Agreement Collateral Agent for the Credit Agreement Secured Parties under the First-Lien Security Documents (in such capacity, the “Credit Agreement Collateral Agent”), GOLDMAN SACHS BANK USA, as Authorized Representative for the Credit Agreement Secured Parties, [ ], as Initial Additional Authorized Representative, and the additional Authorized Representatives from time to time a party thereto. <sup>(1)</sup>

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the First Lien Intercreditor Agreement.

B. The Grantors have entered into the First Lien Intercreditor Agreement. Pursuant to the Credit Agreement and certain Additional First-Lien Documents, certain newly acquired or organized Subsidiaries of the Borrower are required to enter into the First Lien Intercreditor Agreement. Section 5.16 of the First Lien Intercreditor Agreement provides that such Subsidiaries may become party to the First Lien Intercreditor Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the “New Grantor”) is executing this Supplement in accordance with the requirements of the Credit Agreement and the Additional First-Lien Documents.

Accordingly, each Authorized Representative and the New Grantor agree as follows:

SECTION 1. In accordance with Section 5.16 of the First Lien Intercreditor Agreement, the New Grantor by its signature below becomes a Grantor under the First Lien Intercreditor Agreement with the same force and effect as if originally named therein as a Grantor, and the New Grantor hereby agrees to all the terms and provisions of the First Lien Intercreditor Agreement applicable to it as a Grantor thereunder. Each reference to a “Grantor” in the First Lien Intercreditor Agreement shall be deemed to include the New Grantor. The First Lien Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to each Authorized Representative and the other First-Lien Secured Parties that (i) it has the full power and authority to enter into this Supplement and (ii) this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to Debtor Relief Laws, general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing.

SECTION 3. This Supplement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Supplement shall become effective when each Authorized Representative shall have received a counterpart of this Supplement that bears the signatures of the New Grantor. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page of this Supplement shall be effective as delivery of an original executed counterpart hereof.

SECTION 4. Except as expressly supplemented hereby, the First Lien Intercreditor Agreement shall remain in full force and effect.

SECTION 5. **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

SECTION 6. If any provision of this Supplement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Supplement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 5.01 of the First Lien Intercreditor Agreement. All communications and notices hereunder to the New Grantor shall be given to it in care of the Borrower as specified in the First Lien Intercreditor Agreement.

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(1) If being executed and delivered by a successor or assign of Holdings, revise to reflect [joinder to][reaffirmation of] First Lien Intercreditor Agreement.

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SECTION 8. The Borrower agrees to reimburse each Authorized Representative for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for each Authorized Representative as required by the applicable Secured Credit Documents.

IN WITNESS WHEREOF, the New Grantor, and each Authorized Representative have duly executed this Supplement to the First Lien Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW GRANTOR]

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged by:

GOLDMAN SACHS BANK USA,  
as the Credit Agreement Collateral Agent and Authorized Representative,

By: \_\_\_\_\_  
Name:  
Title:

[\_\_\_\_\_] ,  
as the Initial Additional Authorized Representative [and the Additional Collateral Agent and],

By: \_\_\_\_\_  
Name:  
Title:

[OTHER AUTHORIZED REPRESENTATIVES]

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[FORM OF]  
SECOND LIEN INTERCREDITOR AGREEMENT

among

BRIGHT HORIZONS CAPITAL CORP.,

as Holdings,

BRIGHT HORIZONS FAMILY SOLUTIONS LLC,

as Borrower,

the other GRANTORS party hereto,

GOLDMAN SACHS BANK USA,  
as Senior Representative for the Credit Agreement Secured Parties,

[\_\_\_\_\_],  
as the Initial Second Priority Representative,

and

each additional Representative from time to time party hereto

dated as of [ ], 20[ ]

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Annex IV	Senior Class Debt Representative Supplement

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SECOND LIEN INTERCREDITOR AGREEMENT dated as of [ ], 20[ ] (as amended, restated, extended, supplemented or otherwise modified from time to time, this "Agreement"), among BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation ("Holdings"), BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the "Borrower"), the other Grantors (as defined below) from time to time party hereto, GOLDMAN SACHS BANK USA, as Representative for the Credit Agreement Secured Parties (in such capacity, the "Administrative Agent"), [INSERT NAME AND CAPACITY], as Representative for the Initial Second Priority Debt Parties (in such capacity and together with its successors in such capacity, the "Initial Second Priority Representative"), [ ], as Representative for the Additional Senior Debt Parties under the [describe applicable Additional Senior Debt Facility] and each additional Second Priority Representative and Senior Representative that from time to time becomes a party hereto pursuant to Section 8.09.

In consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Administrative Agent (for itself and on behalf of the Credit Agreement Secured Parties), the Initial Second Priority Representative (for itself and on behalf of the Initial Second Priority Debt Parties) and each additional Senior Representative (for itself and on behalf of the Additional Senior Debt Parties under the applicable Additional Senior Debt Facility) and each additional Second Priority Representative (for itself and on behalf of the Second Priority Debt Parties under the applicable Second Priority Debt Facility) agree as follows:

## ARTICLE I

### Definitions

Section 1.01. Certain Defined Terms.. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Credit Agreement or, if defined in the UCC, the meanings specified therein. As used in this Agreement, the following terms have the meanings specified below:

["Additional Administrative Agent"] has the meaning assigned to such term in Section 8.21.]

"Additional Senior Debt" means any Indebtedness that is issued or guaranteed by the Borrower and/or any Guarantor (other than Indebtedness constituting Credit Agreement Obligations), which Indebtedness and Guarantees are secured by the Senior Collateral (or a portion thereof) on a pari passu basis (but without regard to control of remedies) with the Credit Agreement Obligations; provided, however, that (i) such Indebtedness is permitted to be incurred, secured and guaranteed on such basis by each then existing Senior Debt Document and Second Priority Debt Document and (ii) the Representative for the holders of such Indebtedness shall have (A) executed and delivered this Agreement as of the date hereof or become party to this Agreement pursuant to, and by satisfying the conditions set forth in, Section 8.09 hereof and (B) become a party to the First Lien Intercreditor Agreement pursuant to, and by satisfying the conditions set forth in, Section 5.13 thereof; provided further that, if such Indebtedness will be the initial Additional Senior Debt incurred by the Borrower, then the Guarantors, the Administrative Agent and the Representative for such Indebtedness shall have executed and delivered the First Lien Intercreditor Agreement. Additional Senior Debt shall include any Registered Equivalent Notes and Guarantees thereof by the Guarantors issued in exchange therefor.

"Additional Senior Debt Documents" means, with respect to any series, issue or class of Additional Senior Debt, the credit agreements, promissory notes, indentures, the Senior Collateral Documents or other agreements evidencing or governing such Indebtedness.

"Additional Senior Debt Facility" means each credit agreement, indenture or other governing agreement with respect to any Additional Senior Debt.

"Additional Senior Debt Obligations" means, with respect to any series, issue or class of Additional Senior Debt, all amounts owing pursuant to the terms of such Additional Senior Debt, including, without limitation, the obligation (including guarantee obligations) to pay principal, premium, interest (including interest that accrues after the commencement of a Bankruptcy Case, regardless of whether such interest is an allowed claim under such Bankruptcy Case), letter of credit commissions, reimbursement obligations, charges, expenses, fees, attorneys costs, indemnities and other amounts payable by a Grantor under any Additional Senior Debt Document.

"Additional Senior Debt Parties" means, with respect to any series, issue or class of Additional Senior Debt, the holders of such Indebtedness, the Representative with respect thereto, any trustee or agent therefor under any related Additional Senior Debt Documents and the beneficiaries of each indemnification obligation undertaken by the Borrower or any Guarantor under any related Additional Senior Debt Documents.

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“Administrative Agent” has the meaning assigned to such term in the introductory paragraph of this Agreement and shall include any successor Administrative Agent.

“Agreement” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“Bankruptcy Case” means a case under the Bankruptcy Code or any other Bankruptcy Law.

“Bankruptcy Code” means Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

“Bankruptcy Law” means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

“Borrower” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“Cash Collateral” shall have the meaning assigned to such term in Section 5.07(c).

“Class Debt” has the meaning assigned to such term in Section 8.09.

“Class Debt Parties” has the meaning assigned to such term in Section 8.09.

“Class Debt Representatives” has the meaning assigned to such term in Section 8.09.

“Collateral” means the Senior Collateral and the Second Priority Collateral.

“Collateral Documents” means the Senior Collateral Documents and the Second Priority Collateral Documents.

“Credit Agreement” means that certain Credit Agreement, dated as of January 30, 2013, among Holdings, the Borrower, the lenders from time to time party thereto, Goldman Sachs Bank USA, as administrative agent (the “Administrative Agent”), Swing Line Lender, Joint Lead Arranger, Joint Bookrunner and Syndication Agent and an L/C Issuer, and the other agents and parties party thereto, as amended, restated, extended, supplemented or otherwise modified from time to time.

“Credit Agreement Loan Documents” means the Credit Agreement and the other “Loan Documents” as defined in the Credit Agreement.

“Credit Agreement Obligations” means the “Secured Obligations” as defined in the Security Agreement.

“Credit Agreement Secured Parties” means the “Secured Parties” as defined in the Credit Agreement.

“Debt Facility” means any Senior Facility and any Second Priority Debt Facility.

“Designated Second Priority Representative” means (i) the Initial Second Priority Representative, until such time as the Second Priority Debt Facility under the Initial Second Priority Debt Documents ceases to be the only Second Priority Debt Facility under this Agreement and (ii) thereafter, the Second Priority Representative designated from time to time by the Second Priority Majority Representatives, in a notice to the Designated Senior Representative and the Borrower hereunder, as the “Designated Second Priority Representative” for purposes hereof.

“Designated Senior Representative” means (i) if at any time there is only one Senior Representative for a Senior Facility with respect to which the Discharge of Senior Obligations has not occurred, such Senior Representative and (ii) at any time when clause (i) does not apply, the Controlling Collateral Agent (as defined in the First Lien Intercreditor Agreement) at such time.

“DIP Financing” has the meaning assigned to such term in Section 6.01.

“Discharge” means, with respect to any Shared Collateral and any Debt Facility, the date on which such Debt Facility and the Senior Obligations or Second Priority Debt Obligations thereunder, as the case may be, are no longer secured by such Shared Collateral pursuant to the terms of the documentation governing such Debt Facility. The term “Discharged” shall have a corresponding meaning.

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“Discharge of Credit Agreement Obligations” means, with respect to any Shared Collateral, the Discharge of the Credit Agreement Obligations with respect to such Shared Collateral; provided that the Discharge of Credit Agreement Obligations shall not be deemed to have occurred in connection with a Refinancing of such Credit Agreement Obligations with an Additional Senior Debt Facility secured by such Shared Collateral under an Additional Senior Debt Document which has been designated in writing by the Administrative Agent (under the Credit Agreement so Refinanced) to the Designated Senior Representative as the “Credit Agreement” for purposes of this Agreement.

“Discharge of Senior Obligations” means the date on which the Discharge of Credit Agreement Obligations and the Discharge of each Additional Senior Debt Facility has occurred.

“Enforcement Action” means, with respect to the Senior Obligations or the Second Priority Obligations, the exercise of any rights and remedies with respect to any Shared Collateral securing such obligations or the commencement or prosecution of enforcement of any of the rights and remedies with respect to the Shared Collateral under, as applicable, the Senior Debt Documents or the Second Priority Debt Documents, or applicable law, including without limitation, the exercise of any rights of set-off or recoupment, and the exercise of any rights or remedies of a secured creditor under the Uniform Commercial Code of any applicable jurisdiction or under the Bankruptcy Code.

“Enforcement Notice” shall have the meaning assigned to such term in Section 5.07(a).

“First Lien Intercreditor Agreement” has the meaning assigned to such term in the Credit Agreement.

“Grantors” means Holdings, the Borrower and each of the Guarantors (as defined in the Credit Agreement) which has granted a security interest pursuant to any Collateral Document to secure any Secured Obligations. The Grantors existing on the date hereof are set forth in Annex I hereto.

“Guarantors” has the meaning assigned to such term in the Credit Agreement.

“Holdings” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“Initial Second Priority Debt” means the Second Priority Debt incurred pursuant to the Initial Second Priority Debt Documents.

“Initial Second Priority Debt Documents” means that certain [Credit Agreement] [Indenture] dated as of [ ], 20[ ], among the Borrower, [the Guarantors identified therein,] [and] [ ], as [administrative agent] [trustee][, and [ ], as [paying agent, registrar and transfer agent]] and any notes, security documents and other agreements evidencing or governing such Indebtedness, including any agreement entered into for the purpose of securing the Initial Second Priority Debt Obligations.

“Initial Second Priority Debt Obligations” means the Second Priority Debt Obligations arising pursuant to the Initial Second Priority Debt Documents.

“Initial Second Priority Debt Parties” means the holders of any Initial Second Priority Debt Obligations and the Initial Second Priority Representative.

“Initial Second Priority Representative” has the meaning assigned to such term in the introductory paragraph to this Agreement.

“Insolvency or Liquidation Proceeding” means:

- (1) any case commenced by or against the Borrower or any other Grantor under any Bankruptcy Law, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Borrower or any other Grantor, any receivership or assignment for the benefit of creditors relating to the Borrower or any other Grantor or any similar case or proceeding relative to the Borrower or any other Grantor or its creditors, as such, in each case whether or not voluntary;
  - (2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Borrower or any other Grantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or
  - (3) any other proceeding of any type or nature in which substantially all claims of creditors of the Borrower or any other Grantor are determined and any payment or distribution is or may be made on account of such claims.
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“Intellectual Property” has the meaning assigned to such term in the Security Agreement.

“Joinder Agreement” means a joinder to this Agreement substantially in the form of Annex III or Annex IV hereof.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any Capitalized Lease having substantially the same economic effect as any of the foregoing); provided that in no event shall an operating lease in and of itself be deemed a Lien.

“Major Second Priority Representative” means, with respect to any Shared Collateral, the Second Priority Representative of the series of Second Priority Debt that constitutes the largest outstanding principal amount of any then outstanding series of Second Priority Debt with respect to such Shared Collateral.

“Officer’s Certificate” has the meaning provided to such term in Section 8.08.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

“Pledged or Controlled Collateral” has the meaning assigned to such term in Section 5.05(a).

“Proceeds” means the proceeds of any sale, collection or other liquidation of Collateral, any payment or distribution made in respect of Collateral in a Bankruptcy Case and any amounts received by any Senior Representative or any Senior Secured Party from a Second Priority Debt Party in respect of Shared Collateral pursuant to this Agreement.

“Purchase” has the meaning assigned to such term in Section 5.07(b).

“Purchase Notice” has the meaning assigned to such term in Section 5.07(a).

“Purchase Price” has the meaning assigned to such term in Section 5.07(c).

“Purchasing Parties” has the meaning assigned to such term in Section 5.07(b).

“Recovery” has the meaning assigned to such term in Section 6.04.

“Refinance” means, in respect of any indebtedness, to refinance, extend, renew, defease, amend, increase, modify, supplement, restructure, refund, replace or repay, or to issue other indebtedness or enter into alternative financing arrangements, in exchange or replacement for such indebtedness (in whole or in part), including by adding or replacing lenders, creditors, agents, borrowers and/or guarantors, and including in each case, but not limited to, after the original instrument giving rise to such indebtedness has been terminated and including, in each case, through any credit agreement, indenture or other agreement. “Refinanced” and “Refinancing” have correlative meanings.

“Registered Equivalent Notes” means, with respect to any notes originally issued in a Rule 144A or other private placement transaction under the Securities Act of 1933, substantially identical notes (having the same Guarantees) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC.

“Representatives” means the Senior Representatives and the Second Priority Representatives.

“SEC” means the United States Securities and Exchange Commission and any successor agency thereto.

“Second Priority Class Debt” has the meaning assigned to such term in Section 8.09.

“Second Priority Class Debt Parties” has the meaning assigned to such term in Section 8.09.

“Second Priority Class Debt Representative” has the meaning assigned to such term in Section 8.09.

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“Second Priority Collateral” means any “Collateral” as defined in any Second Priority Debt Document or any other assets of the Borrower or any other Grantor with respect to which a Lien is granted or purported to be granted pursuant to a Second Priority Collateral Document as security for any Second Priority Debt Obligation.

“Second Priority Collateral Documents” means the Initial Second Priority Collateral Documents and each of the collateral agreements, security agreements and other instruments and documents executed and delivered by the Borrower or any Grantor for purposes of providing collateral security for any Second Priority Debt Obligation.

“Second Priority Debt” means any Indebtedness of the Borrower or any other Grantor guaranteed by some or all of the Guarantors (and not guaranteed by any Subsidiary that is not a Guarantor), including the Initial Second Priority Debt, which Indebtedness and guarantees are secured by the Second Priority Collateral on a pari passu basis (but without regard to control of remedies, other than as provided by the terms of the applicable Second Priority Debt Documents) with any other Second Priority Debt Obligations and the applicable Second Priority Debt Documents of which provide that such Indebtedness and guarantees are to be secured by such Second Priority Collateral on a subordinate basis to the Senior Debt Obligations (and which is not secured by Liens on any assets of the Borrower or any other Grantor other than the Second Priority Collateral or which are not included in the Senior Collateral); provided, however, that (i) such Indebtedness is permitted to be incurred, secured and guaranteed on such basis by each Senior Debt Document and Second Priority Debt Document and (ii) except in the case of the Initial Second Priority Debt hereunder, the Representative for the holders of such Indebtedness shall have become party to this Agreement pursuant to, and by satisfying the conditions set forth in, Section 8.09 hereof. Second Priority Debt shall include any Registered Equivalent Notes and Guarantees thereof by the Guarantors issued in exchange therefor.

“Second Priority Debt Documents” means, with respect to any series, issue or class of Second Priority Debt, the credit agreements, promissory notes, indentures, the Second Priority Collateral Documents or other agreements evidencing or governing such Indebtedness, including the Initial Second Priority Debt Documents.

“Second Priority Debt Facility” means each credit agreement, indenture or other governing agreement with respect to any Second Priority Debt.

“Second Priority Debt Obligations” means, with respect to any series, issue or class of Second Priority Debt, all amounts owing pursuant to the terms of such Second Priority Debt, including, without limitation, the obligation (including guarantee obligations) to pay principal, interest (including interest that accrues after the commencement of a Bankruptcy Case, regardless of whether such interest is an allowed claim under such Bankruptcy Case), letter of credit commissions, reimbursement obligations, charges, expenses, fees, attorneys costs, indemnities and other amounts payable by a Grantor under any Second Priority Debt Document.

“Second Priority Debt Parties” means the Initial Second Priority Debt Parties and, with respect to any series, issue or class of Second Priority Debt incurred after the date hereof, the holders of such Indebtedness, the Representative with respect thereto, any trustee or agent therefor under any related Second Priority Debt Documents and the beneficiaries of each indemnification obligation undertaken by the Borrower or any other Grantor under any related Second Priority Debt Documents.

“Second Priority Enforcement Date” means, with respect to any Second Priority Representative, the date which is 180 days (throughout which 180 day period such Second Priority Representative was the Majority Second Priority Representative) after the occurrence of both (i) an Event of Default (under and as defined in the Second Priority Debt Document under which such Second Priority Representative is Representative) and (ii) the Designated Senior Representative’s and each other Representative’s receipt of written notice from such Second Priority Representative that (x) such Second Priority Representative is the Major Second Priority Representative and that an Event of Default (under and as defined in the Second Priority Debt Document under which such Second Priority Representative is Representative) has occurred and is continuing and (y) the Second Priority Debt Obligations of the series with respect to which such Second Priority Representative is the Second Priority Representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable Second Priority Debt Document; provided that the Second Priority Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred with respect to any Shared Collateral (1) at any time the Designated Senior Representative has commenced and is diligently pursuing any enforcement action with respect to such Shared Collateral or (2) at any time the Grantor which has granted a security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to ) any Insolvency or Liquidation Proceeding.

“Second Priority Majority Representatives” means Second Priority Representatives representing at least a majority of the then outstanding aggregate amount of Second Priority Debt Obligations.

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“Second Priority Liens” means the Liens on the Second Priority Collateral in favor of Second Priority Debt Parties under Second Priority Collateral Documents.

“Second Priority Representative” means (i) in the case of the Initial Second Priority Debt Obligations covered hereby, the Initial Second Priority Representative and (ii) in the case of any Second Priority Debt Facility incurred after the date hereof, the trustee, administrative agent, collateral agent, security agent or similar agent under such Second Priority Debt Facility that is named as the Representative in respect of such Second Priority Debt Facility in the applicable Joinder Agreement.

“Secured Obligations” means the Senior Obligations and the Second Priority Debt Obligations.

“Secured Parties” means the Senior Secured Parties and the Second Priority Debt Parties.

“Security Agreement” means the “Security Agreement” as defined in the Credit Agreement.

“Senior Class Debt” has the meaning assigned to such term in Section 8.09.

“Senior Class Debt Parties” has the meaning assigned to such term in Section 8.09.

“Senior Class Debt Representative” has the meaning assigned to such term in Section 8.09.

“Senior Collateral” means any “Collateral” as defined in any Credit Agreement Loan Document or any other Senior Debt Document or any other assets of the Borrower or any other Grantor with respect to which a Lien is granted or purported to be granted pursuant to a Senior Collateral Document as security for any Senior Obligations.

“Senior Collateral Documents” means the Security Agreement and the other “Collateral Documents” as defined in the Credit Agreement, the First Lien Intercreditor Agreement (upon and after the initial execution and delivery thereof by the initial parties thereto) and each of the collateral agreements, security agreements and other instruments and documents executed and delivered by the Borrower or any other Grantor for purposes of providing collateral security for any Senior Obligation.

“Senior Debt Documents” means (a) the Credit Agreement Loan Documents and (b) any Additional Senior Debt Documents.

“Senior Facilities” means the Credit Agreement and any Additional Senior Debt Facilities.

“Senior Liens” means the Liens on the Senior Collateral in favor of the Senior Secured Parties under the Senior Collateral Documents.

“Senior Obligations” means the Credit Agreement Obligations and any Additional Senior Debt Obligations.

“Senior Representative” means (i) in the case of any Credit Agreement Obligations or the Credit Agreement Secured Parties, the Administrative Agent and (ii) in the case of any Additional Senior Debt Facility and the Additional Senior Debt Parties thereunder (including with respect to any Additional Senior Debt Facility initially covered hereby on the date of this Agreement), the trustee, administrative agent, collateral agent, security agent or similar agent under such Additional Senior Debt Facility that is named as the Representative in respect of such Additional Senior Debt Facility hereunder or in the applicable Joinder Agreement.

“Senior Secured Parties” means the Credit Agreement Secured Parties and any Additional Senior Debt Parties.

“Shared Collateral” means, at any time, Collateral in which the holders of Senior Obligations under at least one Senior Facility (or their Representatives) and the holders of Second Priority Debt Obligations under at least one Second Priority Debt Facility (or their Representatives) hold a security interest at such time (or, in the case of the Senior Facilities, are deemed pursuant to Article II to hold a security interest). If, at any time, any portion of the Senior Collateral under one or more Senior Facilities does not constitute Second Priority Collateral under one or more Second Priority Debt Facilities, then such portion of such Senior Collateral shall constitute Shared Collateral only with respect to the Second Priority Debt Facilities for which it constitutes Second Priority Collateral and shall not constitute Shared Collateral for any Second Priority Debt Facility which does not have a security interest in such Collateral at such time.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares or securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a

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contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

["Trustee"] has the meaning assigned to such term in Section 8.21.]

"Uniform Commercial Code" or "UCC" means, unless otherwise specified, the Uniform Commercial Code as from time to time in effect in the State of New York.

Section 1.02. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word "including" is by way of example and not limitation. The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument, other document, statute or regulation herein shall be construed as referring to such agreement, instrument, other document, statute or regulation as from time to time amended, restated, extended, supplemented or otherwise modified and, with respect to any statute or regulation, all statutory and regulatory provisions consolidating, replacing or interpreting such statute or regulation, (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, but shall not be deemed to include the subsidiaries of such Person unless express reference is made to such subsidiaries, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections and Annexes shall be construed to refer to Articles, Sections and Annexes of this Agreement, (v) unless otherwise expressly qualified herein, the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (vi) the term "or" is not exclusive and (vii) the term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

SECTION 1.03 Impairments. Each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, hereby agrees that solely as among the Second Priority Debt Parties, it is intention of the Second Priority Debt Parties that the holders of Second Priority Debt Obligations under each Second Priority Debt Facility (and not the Second Priority Debt Parties under any other Second Priority Debt Facility bear the risk of (i) any determination by a court of competent jurisdiction that (x) any of the Second Priority Debt Obligations of such Second Priority Debt Facility are unenforceable under applicable law or are subordinated to any other obligations (other than another Second Priority Debt Facility), (y) any of the Second Priority Debt Obligations of such Second Priority Debt Facility do not have an enforceable security interest in any of the Collateral securing any other Second Priority Debt Facility and/or (z) any intervening security interest exists securing any other obligations (other than another Second Priority Debt Facility) on a basis ranking prior to the security interest of such Second Priority Debt Facility but junior to the security interest of any other Second Priority Debt Facility or (ii) the existence of any Collateral for any other Second Priority Debt Facility that is not Shared Collateral (any such condition referred to in the foregoing clauses (i) or (ii) with respect to any Second Priority Debt Facility, an "Impairment" of such Second Priority Debt Facility); provided that the existence of a maximum claim with respect to any Material Real Property (as defined in the Credit Agreement) subject to a mortgage that applies to all Second Priority Debt Obligations shall not be deemed to be an Impairment of any Second Priority Debt Facility. In the event of any Impairment with respect to any Second Priority Debt Facility, the results of such Impairment shall be borne solely by the holders of such Second Priority Debt Facility, and the rights of the holders of such Second Priority Debt Facility (including, without limitation, the right to receive distributions in respect of such Second Priority Debt Facility pursuant to Section 4.01) set forth herein shall be modified to the extent necessary so that the effects of such Impairment are borne solely by the holders of the Second Priority Debt Facility subject to such Impairment. Additionally, in the event the Second Priority Debt Obligations under any Second Priority Debt Facility are modified pursuant to applicable law (including, without limitation, pursuant to Section 1129 of the Bankruptcy Code), any reference to such Second Priority Debt Obligations or the Second Priority Collateral Documents governing such Second Priority Debt Obligations shall refer to such obligations or such documents as so modified.

## ARTICLE II

### **Priorities and Agreements with Respect to Shared Collateral**

#### Section 2.01. Subordination.

(a) Notwithstanding the date, time, method, manner or order of filing or recordation of any document or instrument or grant, attachment or perfection of any Liens granted to any Second Priority Representative or any Second Priority

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Debt Parties on the Shared Collateral or of any Liens granted to any Senior Representative or any other Senior Secured Party on the Shared Collateral (or any actual or alleged defect in any of the foregoing) and notwithstanding any provision of the Uniform Commercial Code of any jurisdiction, or any other applicable law or any Second Priority Debt Document or any Senior Debt Document or any defect or deficiencies in the Liens or any other circumstance whatsoever (including any non-perfection of any Lien to secure the Senior Obligations and/or the Second Priority Debt Obligations), each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, hereby agrees that (i) any Lien on the Shared Collateral securing any Senior Obligations now or hereafter held by or on behalf of any Senior Representative or any other Senior Secured Party or other agent or trustee therefor, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall have priority over and be senior in all respects and prior to any Lien on the Shared Collateral securing any Second Priority Debt Obligations and (ii) any Lien on the Shared Collateral securing any Second Priority Debt Obligations now or hereafter held by or on behalf of any Second Priority Representative, any Second Priority Debt Parties or any Second Priority Representative or other agent or trustee therefor, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens on the Shared Collateral securing any Senior Obligations. All Liens on the Shared Collateral securing any Senior Obligations shall be and remain senior in all respects and prior to all Liens on the Shared Collateral securing any Second Priority Debt Obligations for all purposes, whether or not such Liens securing any Senior Obligations are subordinated to any Lien securing any other obligation of the Borrower, any Grantor or any other Person or otherwise subordinated, voided, avoided, invalidated or lapsed.

(b) Notwithstanding the date, time, method, manner or order of filing or recordation of any document or instrument or grant, attachment or perfection of any Liens granted to any Second Priority Representative or any Second Priority Debt Parties on the Second Priority Collateral or of any Liens granted to any Second Priority Representative or any other Second Priority Debt Party on Second Priority Collateral (or any actual or alleged defect in any of the foregoing) and notwithstanding any provision of the Uniform Commercial Code of any jurisdiction, or any other applicable law or any Second Priority Debt Document or any defect or deficiencies in the Liens or any other circumstance whatsoever (including any non-perfection of any Lien to secure the Second Priority Debt Obligations) but, in each case, subject to Section 1.03, each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, hereby agrees that any Lien on Second Priority Collateral securing any Second Priority Debt Obligations now or hereafter held by or on behalf of any Second Priority Representative, any Second Priority Debt Parties or any Second Priority Representative or other agent or trustee therefor, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be equal in priority in all respects with any Lien on Second Priority Collateral securing any Second Priority Debt Obligations now or hereafter held by or on behalf of any Second Priority Representative, any Second Priority Debt Parties or any Second Priority Representative or other agent or trustee therefor, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise.

Section 2.02. Nature of Senior Lender Claims. Each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, acknowledges that (a) a portion of the Senior Obligations is revolving in nature and that the amount thereof that may be outstanding at any time or from time to time may be increased or reduced and prepaid or repaid and subsequently reborrowed, (b) the terms of the Senior Debt Documents and the Senior Obligations may be amended, supplemented or otherwise modified, and the Senior Obligations, or a portion thereof, may be Refinanced from time to time and (c) the aggregate amount of the Senior Obligations may be increased, in each case, without notice to or consent by the Second Priority Representatives or the Second Priority Debt Parties and without affecting the provisions hereof. The Lien priorities provided for in Section 2.01 shall not be altered or otherwise affected by any Refinancing of either the Senior Obligations or the Second Priority Debt Obligations, or any portion thereof. As between the Borrower and the other Grantors and the Second Priority Debt Parties, the foregoing provisions will not limit or otherwise affect the obligations of the Borrower and the Grantors contained in any Second Priority Debt Document with respect to the incurrence of additional Senior Obligations.

Section 2.03. Prohibition on Contesting Liens. Each of the Second Priority Representatives, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that it shall not (and hereby waives any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), (i) the validity, extent, perfection, priority or enforceability of any Lien securing any Senior Obligations held (or purported to be held) by or on behalf of any Senior Representative or any of the other Senior Secured Parties or other agent or trustee therefor in any Senior Collateral, (ii) the relative rights and duties of the holders of the Senior Obligations and the Second Priority Debt Obligations granted and/or established in this Agreement or any other Collateral Document with respect to such Liens or (iii) the validity, extent, perfection, priority or enforceability of any Lien securing any Second Priority Debt Obligations held (or purported to be held) by or on behalf of any Second Priority Representative or any of the other Second Priority Debt Parties or other agent or trustee therefor in any Second Priority Collateral, and each Senior Representative, for itself and on behalf of each Senior Secured Party under its Senior Facility, agrees that it shall not (and hereby waives any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), (i) the validity, extent, perfection, priority or enforceability of any Lien securing any Second Priority Debt Obligations held (or purported to be held) by or on behalf of any of any Second Priority Representative or any of the Second Priority Debt Parties in the Second Priority

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Collateral or (ii) the relative rights and duties of the holders of the Senior Obligations and the Second Priority Debt Obligations granted and/or established in this Agreement or any other Collateral Document with respect to such Liens.

Section 2.04. No New Liens.. The parties hereto agree that, so long as the Discharge of Senior Obligations has not occurred, (a) none of the Grantors shall grant or permit any additional Liens on any asset or property of any Grantor to secure any Second Priority Debt Obligation unless it has granted, or concurrently therewith grants, a Lien on such asset or property of such Grantor to secure the Senior Obligations; and (b) if any Second Priority Representative or any Second Priority Debt Party shall hold any Lien on any assets or property of any Grantor securing any Second Priority Obligations that are not also subject to the first-priority Liens securing all Senior Obligations under the Senior Collateral Documents, such Second Priority Representative or Second Priority Debt Party (i) shall notify the Designated Senior Representative promptly upon becoming aware thereof and, unless such Grantor shall promptly grant a similar Lien on such assets or property to each Senior Representative as security for the Senior Obligations, shall assign such Lien to the Designated Senior Representative as security for all Senior Obligations for the benefit of the Senior Secured Parties (but may retain a junior lien on such assets or property subject to the terms hereof) and (ii) until such assignment or such grant of a similar Lien to each Senior Representative, shall be deemed to hold and have held such Lien for the benefit of each Senior Representative and the other Senior Secured Parties as security for the Senior Obligations. To the extent that the foregoing provisions are not complied with for any reason, without limiting any other rights and remedies available to the Designated Senior Representative and/or the Senior Secured Parties, each Second Priority Representative, on behalf of the applicable Second Priority Debt Parties, agrees that any amounts received by or distributed to any of them pursuant to or as a result of Liens granted in contravention of this Section 2.04 shall be subject to Section 4.02.

Section 2.05. Perfection of Liens.. Except for the limited agreements of the Senior Representatives pursuant to Section 5.05 hereof, none of the Senior Representatives or the Senior Secured Parties shall be responsible for perfecting and maintaining the perfection of Liens with respect to the Shared Collateral for the benefit of the Second Priority Representatives or the Second Priority Debt Parties. The provisions of this Agreement are intended solely to govern the respective Lien priorities as between the Senior Secured Parties and the Second Priority Debt Parties and among the Second Priority Debt Parties and shall not impose on the Senior Representatives, the Senior Secured Parties, the Second Priority Representatives, the Second Priority Debt Parties or any agent or trustee therefor any obligations in respect of the disposition of Proceeds of any Shared Collateral which would conflict with prior perfected claims therein in favor of any other Person or any order or decree of any court or governmental authority or any applicable law.

Section 2.06. Certain Cash Collateral.. Notwithstanding anything in this Agreement or any other Senior Debt Documents or Second Priority Debt Documents to the contrary, Collateral consisting of cash and cash equivalents pledged to secure Credit Agreement Obligations consisting of reimbursement obligations in respect of Letters of Credit or otherwise held by the Administrative Agent pursuant to Sections 2.03(a)(ii), 2.03(b)(iii), 2.03(g), 2.03(l), 2.04(a), 2.06(b)(vi), 2.06(c), 2.18, 3.07(x)(g) or 3.07(y) or Article VIII of the Credit Agreement (or any equivalent successor provision) shall be applied as specified in the Credit Agreement and will not constitute Shared Collateral.

### ARTICLE III

#### Enforcement

##### Section 3.01. Exercise of Remedies..

(a) So long as the Discharge of Senior Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Borrower or any other Grantor, (i) neither any Second Priority Representative nor any Second Priority Debt Party will (x) exercise or seek to exercise any rights or remedies (including setoff or recoupment) with respect to any Shared Collateral in respect of any Second Priority Debt Obligations, or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure), (y) contest, protest or object to any foreclosure proceeding or action brought with respect to the Shared Collateral or any other Senior Collateral by any Senior Representative or any Senior Secured Party in respect of the Senior Obligations, the exercise of any right by any Senior Representative or any Senior Secured Party (or any agent or sub-agent on their behalf) in respect of the Senior Obligations under any lockbox agreement, control agreement, landlord waiver or bailee's letter or similar agreement or arrangement to which any Senior Representative or any Senior Secured Party either is a party or may have rights as a third party beneficiary, or any other exercise by any such party of any rights and remedies relating to the Shared Collateral under the Senior Debt Documents or otherwise in respect of the Senior Collateral or the Senior Obligations, or (z) object to the forbearance by the Senior Secured Parties from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Shared Collateral in respect of Senior Obligations and (ii) the Senior Representatives and the Senior Secured Parties shall have the exclusive right to enforce rights, exercise remedies (including setoff, recoupment and the right to credit bid their debt) and

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make determinations regarding the release, disposition or restrictions with respect to the Shared Collateral without any consultation with or the consent of any Second Priority Representative or any Second Priority Debt Party; provided, however, that (A) in any Insolvency or Liquidation Proceeding commenced by or against the Borrower or any other Grantor, any Second Priority Representative may file a claim or statement of interest with respect to the Second Priority Debt Obligations under its Second Priority Debt Facility, (B) any Second Priority Representative may take any action (not adverse to the prior Liens on the Shared Collateral securing the Senior Obligations or the rights of the Senior Representatives or the Senior Secured Parties to exercise remedies in respect thereof) in order to create, prove, perfect, preserve or protect (but not enforce) its rights in, and perfection and priority of its Lien on, the Shared Collateral, (C) any Second Priority Representative and the Second Priority Secured Parties may exercise their rights and remedies as unsecured creditors, to the extent provided in Section 5.04 and (D) from and after the Second Priority Enforcement Date, the Major Second Priority Representative may exercise or seek to exercise any rights or remedies (including setoff or recoupment) with respect to any Shared Collateral in respect of any Second Priority Debt Obligations, or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure), but only so long as (1) the Designated Senior Representative has not commenced and is not diligently pursuing any enforcement action with respect to such Shared Collateral or (2) the Grantor which has granted a security interest in such Shared Collateral is not then a debtor under or with respect to (or otherwise subject to) any Insolvency or Liquidation Proceeding. In exercising rights and remedies with respect to the Senior Collateral, the Senior Representatives and the Senior Secured Parties may enforce the provisions of the Senior Debt Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of Shared Collateral upon foreclosure, to incur expenses in connection with such sale or disposition and to exercise all the rights and remedies of a secured lender under the Uniform Commercial Code of any applicable jurisdiction and of a secured creditor under Bankruptcy Laws of any applicable jurisdiction.

(b) So long as the Discharge of Senior Obligations has not occurred, each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, agrees that it will not, in the context of its role as secured creditor, take or receive any Shared Collateral or any Proceeds of Shared Collateral in connection with the exercise of any right or remedy (including setoff or recoupment) with respect to any Shared Collateral in respect of Second Priority Debt Obligations. Without limiting the generality of the foregoing, unless and until the Discharge of Senior Obligations has occurred, except as expressly provided in the proviso in clause (ii) of Section 3.01(a), the sole right of the Second Priority Representatives and the Second Priority Debt Parties with respect to the Shared Collateral is to hold a Lien on the Shared Collateral in respect of Second Priority Debt Obligations pursuant to the Second Priority Debt Documents for the period and to the extent granted therein and to receive a share of the Proceeds thereof, if any, after the Discharge of Senior Obligations has occurred.

(c) Subject to the proviso in clause (ii) of Section 3.01(a), (i) each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that neither such Second Priority Representative nor any such Second Priority Debt Party will take any action that would hinder any exercise of remedies undertaken by any Senior Representative or any Senior Secured Party with respect to the Shared Collateral under the Senior Debt Documents, including any sale, lease, exchange, transfer or other disposition of the Shared Collateral, whether by foreclosure or otherwise, and (ii) each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, hereby waives any and all rights it or any such Second Priority Debt Party may have as a junior lien creditor or otherwise to object to the manner in which the Senior Representatives or the Senior Secured Parties seek to enforce or collect the Senior Obligations or the Liens granted on any of the Senior Collateral, regardless of whether any action or failure to act by or on behalf of any Senior Representative or any other Senior Secured Party is adverse to the interests of the Second Priority Debt Parties.

(d) Each Second Priority Representative hereby acknowledges and agrees that no covenant, agreement or restriction contained in any Second Priority Debt Document shall be deemed to restrict in any way the rights and remedies of the Senior Representatives or the Senior Secured Parties with respect to the Senior Collateral as set forth in this Agreement and the Senior Debt Documents.

(e) Until the Discharge of Senior Obligations, the Designated Senior Representative shall have the exclusive right to exercise any right or remedy with respect to the Shared Collateral and shall have the exclusive right to determine and direct the time, method and place for exercising such right or remedy or conducting any proceeding with respect thereto. Following the Discharge of Senior Obligations, the Designated Second Priority Representative who may be instructed by the Second Priority Majority Representatives shall have the exclusive right to exercise any right or remedy with respect to the Collateral, and the Designated Second Priority Representative who may be instructed by the Second Priority Majority Representatives shall have the exclusive right to direct the time, method and place of exercising or conducting any proceeding for the exercise of any right or remedy available to the Second Priority Debt Parties with respect to the Collateral, or of exercising or directing the exercise of any trust or power conferred on the Second Priority Representatives, or for the taking of any other action authorized by the Second Priority Collateral Documents; provided, however, that nothing in this Section 3.01(e) shall impair the right of any Second Priority

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Representative or other agent or trustee acting on behalf of the Second Priority Debt Parties to take such actions with respect to the Collateral after the Discharge of Senior Obligations as may be otherwise required or authorized pursuant to any intercreditor agreement governing the Second Priority Debt Parties or the Second Priority Debt Obligations.

Section 3.02. Cooperation. Subject to the proviso in clause (ii) of Section 3.01(a), each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, agrees that, unless and until the Discharge of Senior Obligations has occurred, it will not commence, or join with any Person (other than the Senior Secured Parties and the Senior Representatives upon the request of the Designated Senior Representative) in commencing, any enforcement, collection, execution, levy or foreclosure action or proceeding with respect to any Lien held by it in the Shared Collateral under any of the Second Priority Debt Documents or otherwise in respect of the Second Priority Debt Obligations.

Section 3.03. Actions upon Breach. Should any Second Priority Representative or any Second Priority Debt Party, contrary to this Agreement, in any way take, attempt to take or threaten to take any action with respect to the Shared Collateral (including any attempt to realize upon or enforce any remedy with respect to this Agreement) or fail to take any action required by this Agreement, any Senior Representative or other Senior Secured Party (in its or their own name or in the name of the Borrower or any other Grantor) or the Borrower may obtain relief against such Second Priority Representative or such Second Priority Debt Party by injunction, specific performance or other appropriate equitable relief. Each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Facility, hereby (i) agrees that the Senior Secured Parties' damages from the actions of the Second Priority Representatives or any Second Priority Debt Party may at that time be difficult to ascertain and may be irreparable and waives any defense that the Borrower, any other Grantor or the Senior Secured Parties cannot demonstrate damage or be made whole by the awarding of damages and (ii) irrevocably waives any defense based on the adequacy of a remedy at law and any other defense that might be asserted to bar the remedy of specific performance in any action that may be brought by any Senior Representative or any other Senior Secured Party.

#### ARTICLE IV

##### Payments

Section 4.01. Application of Proceeds. After an event of default under any Senior Debt Document has occurred and until such event of default is cured or waived, so long as the Discharge of Senior Obligations has not occurred, the Shared Collateral or Proceeds thereof received in connection with the sale or other disposition of, or collection on, such Shared Collateral upon the exercise of remedies shall be applied by the Designated Senior Representative to the Senior Obligations in such order as specified in the relevant Senior Debt Documents (including the First Lien Intercreditor Agreement) until the Discharge of Senior Obligations has occurred. Upon the Discharge of Senior Obligations, each applicable Senior Representative shall deliver promptly to the Designated Second Priority Representative any Shared Collateral or Proceeds thereof held by it in the same form as received, with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct, to be applied by the Designated Second Priority Representative to the Second Priority Debt Obligations as follows: (a) first, to the payment of all amounts owing to each Second Priority Representative (each in its capacity as such) pursuant to the terms of any Second Priority Debt Documents, (b) second, subject to Section 1.03, to the payment in full of the Second Priority Debt Obligations under each Second Priority Debt Facility on a ratable basis, with such payments to be applied to the Second Priority Debt Obligations under a Second Priority Debt Facility in accordance with the terms of the relevant Second Priority Debt Documents and (c) third, after (i) payment in full of all Second Priority Debt Obligations and (ii) the termination or expiration of all commitments to lend under any Second Priority Debt Documents, to the Borrower and the other Grantors or their successors or assigns, as their interests may appear, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. Notwithstanding the foregoing, with respect to any Second Priority Collateral for which a third party (other than a Second Priority Debt Party) has a lien or security interest that is junior in priority to the security interest of any Second Priority Debt Facility but senior (as determined by appropriate legal proceedings in the case of any dispute) to the security interest of any other Second Priority Debt Facility (such third party, an "Intervening Creditor"), the value of any Second Priority Collateral or any Proceeds allocated to such Intervening Creditor shall be deducted on a ratable basis solely from the Second Priority Collateral or Proceeds to be distributed in respect of the Second Priority Debt Facility with respect to which such Impairment exists.

Section 4.02. Payments Over. (a) Unless and until the Discharge of Senior Obligations has occurred, any Shared Collateral or Proceeds thereof received by any Second Priority Representative or any Second Priority Debt Party in connection with the exercise of any right or remedy (including setoff or recoupment) relating to the Shared Collateral, in contravention of this Agreement or otherwise, shall be segregated and held in trust for the benefit of and forthwith paid over to the Designated Senior Representative for the benefit of the Senior Secured Parties in the same form as received, with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. The Designated Senior Representative is hereby

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authorized to make any such endorsements as agent for each of the Second Priority Representatives or any such Second Priority Debt Party. This authorization is coupled with an interest and is irrevocable.

(b) After the Discharge of Senior Obligations, any Second Priority Collateral or Proceeds thereof received by any Second Priority Representative or any Second Priority Debt Party relating to the Second Priority Collateral shall be segregated and held in trust for the benefit of and forthwith paid over to the Designated Second Priority Representative for the benefit of the Second Priority Debt Parties in the same form as received, with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. The Designated Second Priority Representative is hereby authorized to make any such endorsements as agent for each of the Second Priority Representatives or any such Second Priority Debt Party. This authorization is coupled with an interest and is irrevocable.

## ARTICLE V

### Other Agreements

Section 5.01. Releases. (a) Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that, in the event of a sale, transfer or other disposition of any specified item of Shared Collateral (including all or substantially all of the equity interests of any subsidiary of the Borrower) other than a release granted upon or following the Discharge of Senior Obligations, the Liens granted to the Second Priority Representatives and the Second Priority Debt Parties upon such Shared Collateral to secure Second Priority Debt Obligations shall terminate and be released, automatically and without any further action, concurrently with the termination and release of all Liens granted upon such Shared Collateral to secure Senior Obligations. Upon delivery to a Second Priority Representative of an Officer's Certificate stating that any such termination and release of Liens securing the Senior Obligations has become effective (or shall become effective concurrently with such termination and release of the Liens granted to the Second Priority Debt Parties and the Second Priority Representatives) and any necessary or proper instruments of termination or release prepared by the Borrower or any other Grantor, such Second Priority Representative will promptly execute, deliver or acknowledge, at the Borrower's or the other Grantor's sole cost and expense, such instruments to evidence such termination and release of the Liens.

(b) Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, hereby irrevocably constitutes and appoints the Designated Senior Representative and any officer or agent of the Designated Senior Representative, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Second Priority Representative or such Second Priority Debt Party or in the Designated Senior Representative's own name, from time to time in the Designated Senior Representative's discretion, for the purpose of carrying out the terms of Section 5.01(a), to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of Section 5.01(a), including any termination statements, endorsements or other instruments of transfer or release.

(c) Unless and until the Discharge of Senior Obligations has occurred, each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, hereby consents to the application, whether prior to or after an event of default under any Senior Debt Document of proceeds of Shared Collateral to the repayment of Senior Obligations pursuant to the Senior Debt Documents, provided that nothing in this Section 5.01(c) shall be construed to prevent or impair the rights of the Second Priority Representatives or the Second Priority Debt Parties to receive proceeds in connection with the Second Priority Debt Obligations not otherwise in contravention of this Agreement.

(d) Notwithstanding anything to the contrary in any Second Priority Collateral Document, in the event the terms of a Senior Collateral Document and a Second Priority Collateral Document each require any Grantor (i) to make payment in respect of any item of Shared Collateral, (ii) to deliver or afford control over any item of Shared Collateral to, or deposit any item of Shared Collateral with, (iii) to register ownership of any item of Shared Collateral in the name of or make an assignment of ownership of any Shared Collateral or the rights thereunder to, (iv) cause any securities intermediary, commodity intermediary or other Person acting in a similar capacity to agree to comply, in respect of any item of Shared Collateral, with instructions or orders from, or to treat, in respect of any item of Shared Collateral, as the entitlement holder, (v) hold any item of Shared Collateral in trust for (to the extent such item of Shared Collateral cannot be held in trust for multiple parties under applicable law), (vi) obtain the agreement of a bailee or other third party to hold any item of Shared Collateral for the benefit of or subject to the control of or, in respect of any item of Shared Collateral, to follow the instructions of or (vii) obtain the agreement of a landlord with respect to access to leased premises where any item of Shared Collateral is located or waives or subordination of rights with respect to any item of Shared Collateral in favor of, in any case, both the Designated Senior Representative and any Second Priority Representative or Second Priority Debt Party, such Grantor may, until the applicable Discharge of Senior Obligations has occurred,



comply with such requirement under the Second Priority Collateral Document as it relates to such Shared Collateral by taking any of the actions set forth above only with respect to, or in favor of, the Designated Senior Representative.

(e) After the Discharge of Senior Obligations, each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that, in the event the Designated Second Priority Representative forecloses upon or exercises remedies against any Second Priority Collateral resulting in a sale or disposition thereof, the Liens in favor of each Second Priority Representative upon such Second Priority Collateral will automatically, unconditionally and simultaneously be released and discharged as and when, but only to the extent, such Liens of the Designated Second Priority Representative on such Second Priority Collateral are released and discharged; provided that any proceeds of any Second Priority Collateral realized therefrom shall be applied pursuant to Section 4.01.

Section 5.02. Insurance and Condemnation Awards. Unless and until the Discharge of Senior Obligations has occurred, the Designated Senior Representative and, after the Discharge of Senior Obligations, the Designated Second Priority Representative shall have the sole and exclusive right, subject to the rights of the Grantors under the Senior Debt Documents or Second Priority Debt Documents, as applicable, (a) to be named as additional insured and loss payee under any insurance policies maintained from time to time by any Grantor with respect to any Shared Collateral, (b) to adjust settlement for any insurance policy covering the Shared Collateral in the event of any loss thereunder and (c) to approve any award granted in any condemnation or similar proceeding affecting the Shared Collateral. All proceeds of any such policy and any such award received by the Designated Senior Representative or Designated Second Priority Representative, if in respect of the Shared Collateral, shall be paid (i) first, prior to the occurrence of the Discharge of Senior Obligations, to the Designated Senior Representative for the benefit of Senior Secured Parties pursuant to the terms of the Senior Debt Documents, (ii) second, after the occurrence of the Discharge of Senior Obligations, to the Designated Second Priority Representative for the benefit of the Second Priority Debt Parties to be applied pursuant to Section 4.01 and (iii) third, if no Second Priority Debt Obligations are outstanding, to the owner of the subject property, such other Person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. If any Representative or any Secured Party shall, at any time, receive any proceeds of any such insurance policy or any such award in contravention of this Agreement, it shall pay such proceeds over to the Designated Senior Representative or Designated Second Priority Representative in accordance with the terms of Section 4.02.

Section 5.03. Amendments to Second Priority Collateral Documents. No Second Priority Collateral Document may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification, or the terms of any new Second Priority Collateral Document, would be prohibited by any of the terms of this Agreement or any Senior Debt Document. The Borrower agrees to deliver to the Designated Senior Representative copies of (i) any amendments, supplements or other modifications to the Second Priority Collateral Documents and (ii) any new Second Priority Collateral Documents promptly after effectiveness thereof. Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that each Second Priority Collateral Document under its Second Priority Debt Facility shall include the following language (or language to similar effect reasonably approved by the Designated Senior Representative):

“Notwithstanding anything herein to the contrary, (i) the liens and security interests granted to the [Second Priority Representative] pursuant to this Agreement are expressly subject and subordinate to the liens and security interests granted in favor of the Senior Secured Parties (as defined in the Intercreditor Agreement referred to below), including liens and security interests granted to Goldman Sachs Bank USA, as administrative agent, pursuant to or in connection with the Credit Agreement, dated as of January 30, 2013 among Holdings, the Borrower, the lenders from time to time party thereto, Goldman Sachs Bank USA, as administrative agent and the other parties thereto, as further amended, restated, extended, supplemented or otherwise modified from time to time and (ii) the exercise of any right or remedy by the [Second Priority Representative] hereunder is subject to the limitations and provisions of the Intercreditor Agreement dated as of [ ], 20[ ] (as amended, restated, supplemented or otherwise modified from time to time, the “Intercreditor Agreement”), among Bright Horizons Capital Corp., Bright Horizons Family Solutions LLC, the other Grantors (as defined therein) from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent, and [\_\_\_\_\_]. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Agreement, the terms of the Intercreditor Agreement shall govern.”

In the event that each applicable Senior Representative and/or the Senior Secured Parties enter into any amendment, waiver or consent in respect of any of the Senior Collateral Documents for the purpose of adding to or deleting from, or waiving or consenting to any departures from any provisions of, any Senior Collateral Document or changing in any manner the rights of the Senior Representatives, the Senior Secured Parties, the Borrower or any other Grantor thereunder (including the release of any Liens in Senior Collateral) in a manner that is applicable to all Senior Facilities, then such amendment, waiver or consent shall apply automatically to any comparable provision of each comparable Second Priority Collateral Document without

the consent of any Second Priority Representative or any Second Priority Debt Party and without any action by any Second Priority Representative, the Borrower or any other Grantor; provided, however, that written notice of such amendment, waiver or consent shall have been given to each Second Priority Representative within 10 Business Days after the effectiveness of such amendment, waiver or consent.

Section 5.04. Rights as Unsecured Creditors. Notwithstanding anything to the contrary in this Agreement, the Second Priority Representatives and the Second Priority Debt Parties may exercise rights and remedies as unsecured creditors against the Borrower and any other Grantor in accordance with the terms of the Second Priority Debt Documents and applicable law so long as such rights and remedies do not violate (or are not otherwise prohibited by) any express provision of this Agreement. Nothing in this Agreement shall prohibit the receipt by any Second Priority Representative or any Second Priority Debt Party of the required payments of principal, premium, interest, fees and other amounts due under the Second Priority Debt Documents so long as such receipt is not the direct or indirect result of the exercise by a Second Priority Representative or any Second Priority Debt Party of rights or remedies as a secured creditor in respect of Shared Collateral. In the event any Second Priority Representative or any Second Priority Debt Party becomes a judgment lien creditor in respect of Shared Collateral as a result of its enforcement of its rights as an unsecured creditor in respect of Second Priority Debt Obligations, such judgment lien shall be subordinated to the Liens securing Senior Obligations on the same basis as the other Liens securing the Second Priority Debt Obligations are so subordinated to such Liens securing Senior Obligations under this Agreement. Nothing in this Agreement shall impair or otherwise adversely affect any rights or remedies the Senior Representatives or the Senior Secured Parties may have with respect to the Senior Collateral.

Section 5.05. Gratuitous Bailee for Perfection.

a. Each Credit Party shall deliver all Collateral that can be perfected by the possession or control of such Collateral or of any account in which such Collateral is held (collectively, "Pledged or Controlled Collateral") when required to be delivered to the Collateral Documents to: (i) until the Discharge of Senior Obligations, the Designated Senior Representative and (ii) thereafter, the Designated Second Priority Representative.

b. In the event that any Secured Party receives any Pledged or Controlled Collateral, then such Secured Party shall promptly deliver such Collateral or Proceeds, together with any necessary endorsements and notices to depository banks, securities intermediaries and commodities intermediaries, to: (i) until the Discharge of Senior Obligations, the Designated Senior Representative and (ii) thereafter, the Designated Second Priority Representative.

c. Except as otherwise specifically provided herein, until the Discharge of Senior Obligations has occurred, the Senior Representatives and the Senior Secured Parties shall be entitled to deal with the Pledged or Controlled Collateral in accordance with the terms of the Senior Debt Documents as if the Liens under the Second Priority Collateral Documents did not exist. The rights of the Second Priority Representatives and the Second Priority Debt Parties with respect to the Pledged or Controlled Collateral shall at all times be subject to the terms of this Agreement.

d. The Senior Representatives and the Senior Secured Parties shall have no obligation whatsoever to the Second Priority Representatives or any Second Priority Debt Party to assure that any of the Pledged or Controlled Collateral is genuine or owned by the Grantors or to protect or preserve rights or benefits of any Person or any rights pertaining to the Shared Collateral, except as expressly set forth in this Section 5.05. The duties or responsibilities of the Designated Senior Representative and, after the Discharge of Senior Obligations, Designated Second Priority Representative under this Section 5.05 shall be limited solely to holding or controlling the Pledged or Controlled Collateral and the related Liens referred to in paragraphs (a) of this Section 5.05 as sub-agent and gratuitous bailee for the relevant Secured Parties for purposes of perfecting the Lien held by such Second Priority Representative.

e. The Designated Senior Representative and, after the Discharge of the Senior Obligations, the Designated Second Priority Representative shall not have by reason of the Second Priority Collateral Documents or this Agreement, or any other document, a fiduciary relationship in respect of any Representative or any Secured Party, and each Representative, for itself and on behalf of each Secured Party under the Credit Agreement, its Additional Senior Debt Facility or its Second Priority Debt Facility, as applicable, hereby waives and releases the Designated Senior Representative and Designated Second Priority Representative from all claims and liabilities arising pursuant to such Representatives' roles under this Section 5.05 as sub-agents and gratuitous bailees with respect to the Pledged or Controlled Collateral.

f. Upon the Discharge of Senior Obligations, the Designated Senior Representative shall, at the Grantors' sole cost and expense, (i) (A) deliver to the Designated Second Priority Representative, all Shared Collateral, including all proceeds thereof, held or controlled by the Designated Senior Representative or any of its agents or bailees, including the transfer of possession and control, as applicable, of the Pledged or Controlled Collateral, together with any necessary endorsements and notices to depository banks, securities intermediaries and commodities intermediaries, and assign its rights under any landlord

waiver or bailee's letter or any similar agreement or arrangement granting it rights or access to Shared Collateral, or (B) direct and deliver such Shared Collateral as a court of competent jurisdiction may otherwise direct, (ii) notify any applicable insurance carrier that it is no longer entitled to be a loss payee or additional insured under the insurance policies of any Grantor issued by such insurance carrier and (iii) notify any governmental authority involved in any condemnation or similar proceeding involving any Grantor that the Designated Second Party Representative is entitled to approve any awards granted in such proceeding. The Borrower shall take such further action as is required to effectuate the transfer contemplated hereby and shall indemnify the Designated Senior Representative for loss or damage suffered by the Designated Senior Representative as a result of such transfer, except for loss or damage suffered by such Person as a result of the willful misconduct, gross negligence, bad faith or material breach of this Agreement by such Person or any affiliate, director, officer, employee, counsel, agent or attorney-in-fact of such Person (as determined by a court of competent jurisdiction in a final, non-appealable judgment).

g. None of the Senior Representatives nor any of the other Senior Secured Parties shall be required to marshal any present or future collateral security for any obligations of the Borrower or any other Grantor to any Senior Representative or any Senior Secured Party under the Senior Debt Documents or any assurance of payment in respect thereof, or to resort to such collateral security or other assurances of payment in any particular order, and all of their rights in respect of such collateral security or any assurance of payment in respect thereof shall be cumulative and in addition to all other rights, however existing or arising.

Section 5.06. When Discharge of Senior Obligations Deemed To Not Have Occurred. If, at any time concurrently with or after the Discharge of Senior Obligations has occurred, the Borrower or any Grantor enters into any Refinancing of any Senior Obligations, then such Discharge of Senior Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement (other than with respect to any actions taken prior to the date of such designation as a result of the occurrence of such first Discharge of Senior Obligations) and the applicable agreement governing such Senior Obligations shall automatically be treated as a Senior Debt Document for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Shared Collateral set forth herein and the agent, representative or trustee for the holders of such Senior Obligations shall be the Senior Representative for all purposes of this Agreement. Upon receipt of notice of such incurrence (including the identity of the new Senior Representative), each Second Priority Representative (including the Designated Second Priority Representative) shall promptly (a) enter into such documents and agreements (at the expense of the Borrower), including amendments or supplements to this Agreement, as the Borrower or such new Senior Representative shall reasonably request in writing in order to provide the new Senior Representative the rights of a Senior Representative contemplated hereby, (b) deliver to such Senior Representative, to the extent that it is legally permitted to do so, all Shared Collateral, including all proceeds thereof, held or controlled by such Second Priority Representative or any of its agents or bailees, including the transfer of possession and control, as applicable, of the Pledged or Controlled Collateral, together with any necessary endorsements and notices to depository banks, securities intermediaries and commodities intermediaries, and assign its rights under any landlord waiver or bailee's letter or any similar agreement or arrangement granting it rights or access to Shared Collateral, (c) notify any applicable insurance carrier that it is no longer entitled to be a loss payee or additional insured under the insurance policies of any Grantor issued by such insurance carrier and (d) notify any governmental authority involved in any condemnation or similar proceeding involving a Grantor that the new Senior Representative is entitled to approve any awards granted in such proceeding.

Section 5.07. Purchase Right.

(a) Each Senior Representative agrees that it will give the Designated Second Priority Representative written notice (the "Enforcement Notice") within five (5) Business Days after the commencement by such Senior Representative of (i) any Enforcement Action with respect to Shared Collateral or (ii) any Insolvency or Liquidation Proceeding (which notice shall be effective for all Enforcement Actions taken after the date of such notice so long as such Senior Representative is diligently pursuing in good faith the exercise of its default or enforcement rights or remedies against, or diligently attempting in good faith to vacate any stay of enforcement rights (other than any stay imposed under Section 362 of the Bankruptcy Code or any similar stay under any similar Bankruptcy Law) of its Senior Liens on a material portion of the Shared Collateral, including, without limitation, all Enforcement Actions identified in such notice). Following the commencement of an Enforcement Action or the institution of any Insolvency Proceeding by any Senior Representative, any Second Priority Debt Party shall have the option, by irrevocable written notice (the "Purchase Notice") delivered by the Designated Second Priority Representative to each Senior Representative no later than ten (10) Business Days after receipt by the Designated Second Priority Representative of the Enforcement Notice, to purchase all, but not less than all, of the Senior Obligations from the Senior Secured Parties. In the case of a voluntary Insolvency or Liquidation Proceeding commenced by any Grantor, or an involuntary Insolvency or Liquidation Proceeding commenced by any party other than a Senior Representative, no Enforcement Notice need be provided and the Designated Second Priority Representative shall have the option to deliver the Purchase Notice within ten (10) Business Days from the commencement of such Insolvency or Liquidation Proceeding. If the Designated Second Priority Representative so delivers the Purchase Notice, each Senior Representative shall terminate any existing Enforcement Actions and shall not take any further Enforcement Actions;

provided that the Purchase (as defined below) shall have been consummated on the Business Day specified in the Purchase Notice in accordance with Section 5.07(b).

(b) On the date specified by the Designated Second Priority Representative in the Purchase Notice (which shall be a Business Day not less than five (5) Business Days, nor more than ten (10) Business Days, after receipt by the Senior Representatives of the Purchase Notice), the Senior Secured Parties shall, subject to any required approval of any court or other governmental authority then in effect, sell to the Second Priority Debt Parties electing to purchase pursuant to Section 5.07(a) (the "Purchasing Parties"), and the Purchasing Parties shall purchase (the "Purchase") from the Senior Secured Parties, all of the Senior Obligations; provided that the Senior Obligations purchased shall not include any rights of Senior Secured Parties with respect to indemnification and other obligations of the Borrower and the Grantors under the Senior Debt Documents that are expressly stated to survive the termination of the Senior Debt Documents (the "Surviving Obligations").

(c) Without limiting the obligations of the Borrower and the Grantors under the Senior Debt Documents to the Senior Secured Parties with respect to the Surviving Obligations (which shall not be transferred in connection with the Purchase), on the date of the Purchase, the Purchasing Parties shall (i) pay to the Senior Secured Parties as the purchase price (the "Purchase Price") therefor the full amount of all Senior Obligations then outstanding and unpaid (including principal, premium, interest, fees, breakage costs, attorneys' fees and expenses, and, in the case of any obligations in respect of Secured Hedge Agreements owed to a Senior Secured Party, the amount that would be payable by the relevant Loan Party thereunder if it were to terminate such Secured Hedge Agreements on the date of the Purchase or, if not terminated, an amount determined by the relevant Senior Secured Party to be necessary to collateralize its credit risk arising out of such Secured Hedge Agreement), (ii) furnish cash collateral (the "Cash Collateral") to the Senior Secured Parties in such amounts as the relevant Senior Secured Parties determine is reasonably necessary to secure such Senior Secured Parties in connection with any outstanding letters of credit (not to exceed 105% of the aggregate undrawn face amount of such letters of credit), (iii) agree to reimburse the Senior Secured Parties for any loss, cost, damage or expense (including attorneys' fees and expenses) in connection with any fees, costs or expenses related to any checks or other payments provisionally credited to the Senior Obligations and/or as to which the Senior Secured Parties have not yet received final payment and (iv) agree, after written request from any Senior Representative, to reimburse the Senior Secured Parties in respect of indemnification obligations of the Loan Parties under the Senior Debt Documents as to matters or circumstances known to the Purchasing Parties (including by way of notice from any Senior Representative or Senior Secured Party) at the time of the Purchase which could reasonably be expected to result in any loss, cost, damage or expense to any of the Senior Secured Parties; provided that in no event shall any Purchasing Party be liable to reimburse the Senior Secured Parties in respect of indemnification obligations in excess of proceeds of Collateral received by the Purchasing Parties.

(d) The Purchase Price and Cash Collateral shall be remitted by wire transfer in immediately available funds to such account of the respective Senior Representative as it shall designate to the Purchasing Parties. Each Senior Representative shall, promptly following its receipt thereof, distribute the amounts received by it in respect of the Purchase Price to the Senior Secured Parties in accordance with the Senior Debt Documents. Interest shall be calculated to but excluding the day on which the Purchase occurs if the amounts so paid by the Purchasing Parties to the account designated by the Senior Collateral Agent are received in such account prior to 3:00 p.m., New York City time, and interest shall be calculated to and including such day if the amounts so paid by the Purchasing Parties to the account designated by the respective Senior Representative are received in such account later than 3:00 p.m., New York City time.

(e) The Purchase shall be made without representation or warranty of any kind by the Senior Secured Parties as to the Senior Obligations, the Senior Collateral or otherwise and without recourse to the Senior Secured Parties, except that the Senior Secured Parties shall represent and warrant (i) the amount of the Senior Obligations being purchased, (ii) that the Senior Secured Parties own the Senior Obligations free and clear of any liens or encumbrances and (iii) that the Senior Secured Parties have the right to assign the Senior Obligations and the assignment is duly authorized.

## ARTICLE VI

### Insolvency or Liquidation Proceedings.

Section 6.01. Financing Issues. Until the Discharge of Senior Obligations has occurred, if the Borrower or any other Grantor shall be subject to any Insolvency or Liquidation Proceeding and any Senior Representative or any Senior Secured Party shall desire to consent (or not object) to the sale, use or lease of cash or other collateral or to consent (or not object) to the Borrower's or any other Grantor's obtaining financing under Section 363 or Section 364 of the Bankruptcy Code or any similar provision of any other Bankruptcy Law ("DIP Financing"), then each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that it will raise no (a) objection to and will not otherwise contest or oppose (or join with or support any other party opposing, objecting to or contesting) such sale, use

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or lease of such cash or other collateral or such DIP Financing and, except to the extent permitted by the proviso in clause (ii) of Section 3.01(a) and Section 6.03, will not request adequate protection or any other relief in connection therewith and, to the extent the Liens securing any Senior Obligations are subordinated or pari passu with such DIP Financing, will subordinate (and will be deemed hereunder to have subordinated) its Liens in the Shared Collateral to (x) such DIP Financing (and all obligations relating thereto) on the same basis as the Liens securing the Second Priority Debt Obligations are so subordinated to Liens securing Senior Obligations under this Agreement, (y) any adequate protection Liens provided to the Senior Secured Parties, and (z) to any “carve-out” for professional and United States Trustee fees agreed to by the Senior Representatives, (b) objection to (and will not otherwise contest or oppose (or join with or support any other party opposing, objecting to or contesting)) any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement in respect of Senior Obligations made by any Senior Representative or any other Senior Secured Party, (c) objection to (and will not otherwise contest or oppose (or join with or support any other party opposing, objecting to or contesting)) any exercise by any Senior Secured Party of the right to credit bid Senior Obligations at any sale in foreclosure of Senior Collateral under Section 363(k) of the Bankruptcy Code or any similar provision of any other Bankruptcy Law, (d) objection to (and will not otherwise contest or oppose (or join with or support any other party opposing, objecting to or contesting)) any other request for judicial relief made in any court by any Senior Secured Party relating to the lawful enforcement of any Lien on Senior Collateral or (e) objection to (and will not otherwise contest or oppose (or join with or support any other party opposing, objecting to or contesting)) any order relating to a sale or other disposition of assets of any Grantor to which any Senior Representative has consented or not objected that provides, to the extent such sale or other disposition is to be free and clear of Liens, that the Liens securing the Senior Obligations and the Second Priority Debt Obligations will attach to the proceeds of the sale on the same basis of priority as the Liens on the Shared Collateral securing the Senior Obligations rank to the Liens on the Shared Collateral securing the Second Priority Debt Obligations pursuant to this Agreement. Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that notice received two Business Days prior to the entry of an order approving such usage of cash or other collateral or approving such financing shall be adequate notice.

Section 6.02. Relief from the Automatic Stay. Until the Discharge of Senior Obligations has occurred, each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that none of them shall seek relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding or take any action in derogation thereof, in each case in respect of any Shared Collateral, without the prior written consent of the Designated Senior Representative.

Section 6.03. Adequate Protection. Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, agrees that none of them shall (A) object, contest or support any other Person objecting to or contesting (a) any request by any Senior Representative or any Senior Secured Parties for adequate protection, (b) any objection by any Senior Representative or any Senior Secured Parties to any motion, relief, action or proceeding based on any Senior Representative’s or Senior Secured Party’s claiming a lack of adequate protection or (c) the payment of interest, fees, expenses or other amounts of any Senior Representative or any other Senior Secured Party under Section 506(b) of the Bankruptcy Code or any similar provision of any other Bankruptcy Law or (B) assert or support any claim for costs or expenses of preserving or disposing of any Collateral under Section 506(c) of the Bankruptcy Code or any similar provision of any other Bankruptcy Law. Notwithstanding anything contained in this Section 6.03 or in Section 6.01, in any Insolvency or Liquidation Proceeding, (i) if the Senior Secured Parties (or any subset thereof) are granted adequate protection in the form of additional collateral or superpriority claims in connection with any DIP Financing or use of cash collateral under Section 363 or 364 of the Bankruptcy Code or any similar provision of any other Bankruptcy Law, then each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, may seek or request adequate protection in the form of a replacement Lien or superpriority claim on such additional collateral, which (A) Lien is subordinated to the Liens securing all Senior Obligations and such DIP Financing (and all obligations relating thereto) on the same basis as the other Liens securing the Second Priority Debt Obligations are so subordinated to the Liens securing Senior Obligations under this Agreement and (B) superpriority claim is subordinated to all superpriority claims of the Senior Secured Parties on the same basis as the other claims of the Second Priority Debt Parties are so subordinated to the claims of the Senior Secured Parties under this Agreement, (ii) in the event any Second Priority Representatives, for themselves and on behalf of the Second Priority Debt Parties under their Second Priority Debt Facilities, seek or request adequate protection and such adequate protection is granted (in each instance, to the extent such grant is otherwise permissible under the terms and conditions of this Agreement) in the form of additional or replacement collateral, then such Second Priority Representatives, for themselves and on behalf of each Second Priority Debt Party under their Second Priority Debt Facilities, agree that each Senior Representative shall also be granted a senior Lien on such additional or replacement collateral as security for the Senior Obligations and any such DIP Financing and that any Lien on such additional or replacement collateral securing the Second Priority Debt Obligations shall be subordinated to the Liens on such collateral securing the Senior Obligations and any such DIP Financing (and all obligations relating thereto) and any other Liens granted to the Senior Secured Parties as adequate protection on the same basis as the other Liens securing the Second Priority Debt Obligations are so subordinated to such Liens securing Senior Obligations under this Agreement and (iii) in the event any Second Priority Representatives, for themselves and on behalf of the Second Priority Debt Parties under their Second Priority

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Debt Facilities, seek or request adequate protection and such adequate protection is granted (in each instance, to the extent such grant is otherwise permissible under the terms and conditions of this Agreement) in the form of a superpriority claim, then such Second Priority Representatives, for themselves and on behalf of each Second Priority Debt Party under their Second Priority Debt Facilities, agree that each Senior Representative shall also be granted adequate protection in the form of a superpriority claim, which superpriority claim shall be senior to the superpriority claim of the Second Priority Debt Parties.

Section 6.04. Preference Issues. If any Senior Secured Party is required in any Insolvency or Liquidation Proceeding or otherwise to disgorge, turn over or otherwise pay any amount to the estate of the Borrower or any other Grantor (or any trustee, receiver or similar Person therefor), because the payment of such amount was declared to be fraudulent or preferential in any respect or for any other reason, (any such amount, a "Recovery"), whether received as proceeds of security, enforcement of any right of setoff or otherwise, then the Senior Obligations shall be reinstated to the extent of such Recovery and deemed to be outstanding as if such payment had not occurred and the Senior Secured Parties shall be entitled to the benefits of this Agreement until a Discharge of Senior Obligations with respect to all such recovered amounts. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto. Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, hereby agrees that none of them shall be entitled to benefit from any avoidance action affecting or otherwise relating to any distribution or allocation made in accordance with this Agreement, whether by preference or otherwise, it being understood and agreed that the benefit of such avoidance action otherwise allocable to them shall instead be allocated and turned over for application in accordance with the priorities set forth in this Agreement. This Section 6.04 shall survive the termination of this Agreement.

Section 6.05. Separate Grants of Security and Separate Classifications. Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, acknowledges and agrees that (a) the grants of Liens pursuant to the Senior Collateral Documents and the Second Priority Collateral Documents constitute separate and distinct grants of Liens and (b) because of, among other things, their differing rights in the Shared Collateral, the Second Priority Debt Obligations are fundamentally different from the Senior Obligations and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency or Liquidation Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that any claims of the Senior Secured Parties and the Second Priority Debt Parties in respect of the Shared Collateral constitute a single class of claims (rather than separate classes of senior and junior secured claims), then each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, hereby acknowledges and agrees that all distributions shall be made as if there were separate classes of senior and junior secured claims against the Grantors in respect of the Shared Collateral (with the effect being that, to the extent that the aggregate value of the Shared Collateral is sufficient (for this purpose ignoring all claims held by the Second Priority Debt Parties), the Senior Secured Parties shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest, fees and expenses (whether or not allowed or allowable) before any distribution is made in respect of the Second Priority Debt Obligations, with each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, hereby acknowledging and agreeing to turn over to the Designated Senior Representative amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Second Priority Debt Parties.

Section 6.06. No Waivers of Rights of Senior Secured Parties. Nothing contained herein shall, except as expressly provided herein, prohibit or in any way limit any Senior Representative or any other Senior Secured Party from objecting in any Insolvency or Liquidation Proceeding or otherwise to any action taken by any Second Priority Debt Party, including the seeking by any Second Priority Debt Party of adequate protection or the assertion by any Second Priority Debt Party of any of its rights and remedies under the Second Priority Debt Documents or otherwise.

Section 6.07. Application. This Agreement, which the parties hereto expressly acknowledge is a "subordination agreement" under Section 510(a) of the Bankruptcy Code or any similar provision of any other Bankruptcy Law, shall be effective before, during and after the commencement of any Insolvency or Liquidation Proceeding. The relative rights as to the Shared Collateral and proceeds thereof shall continue after the commencement of any Insolvency or Liquidation Proceeding on the same basis as prior to the date of the petition therefor, subject to any court order approving the financing of, or use of cash collateral by, any Grantor. All references herein to any Grantor shall include such Grantor as a debtor-in-possession and any receiver or trustee for such Grantor.

Section 6.08. Other Matters. To the extent that any Second Priority Representative or any Second Priority Debt Party has or acquires rights under Section 363 or Section 364 of the Bankruptcy Code or any similar provision of any other Bankruptcy Law with respect to any of the Shared Collateral, such Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, or such Second Priority Debt Party agrees not to assert any

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such rights without the prior written consent of each Senior Representative, provided that if requested by any Senior Representative, such Second Priority Representative shall timely exercise such rights in the manner requested by the Senior Representatives (acting unanimously), including any rights to payments in respect of such rights.

Section 6.09. 506(c) Claims.. Until the Discharge of Senior Obligations has occurred, each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, agrees that it will not assert or enforce any claim under Section 506(c) of the Bankruptcy Code or any similar provision of any other Bankruptcy Law senior to or on a parity with the Liens securing the Senior Obligations for costs or expenses of preserving or disposing of any Shared Collateral.

Section 6.10. Reorganization Securities.. (a) If, in any Insolvency or Liquidation Proceeding, debt obligations of the reorganized debtor secured by Liens upon any property of the reorganized debtor are distributed, pursuant to a plan of reorganization or similar dispositive restructuring plan, on account of both the Senior Obligations and the Second Priority Debt Obligations, then, to the extent the debt obligations distributed on account of the Senior Obligations and on account of the Second Priority Debt Obligations are secured by Liens upon the same assets or property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

(b) Each Second Priority Debt Party (whether in the capacity of a secured creditor or an unsecured creditor) shall not propose, vote in favor of, or otherwise directly or indirectly support any plan of reorganization that is inconsistent with the priorities or other provisions of this Agreement, other than with the prior written consent of the Designated Senior Representative or to the extent any such plan is proposed or supported by the number of Senior Secured Debt Parties required under Section 1126(d) of the Bankruptcy Code.

Section 6.11. Section 1111(b) of the Bankruptcy Code.. [Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, shall not object to, oppose, support any objection, or take any other action to impede, the right of any Senior Secured Party to make an election under Section 1111(b)(2) of the Bankruptcy Code. Each Second Priority Representative, for itself and on behalf of each Second Priority Debt Party under its Second Priority Debt Facility, waives any claim it may hereafter have against any senior claimholder arising out of the election by any Senior Secured Party of the application of Section 1111(b)(2) of the Bankruptcy Code.]

## ARTICLE VII

### Reliance; Etc.

Section 7.01. Reliance.. All loans and other extensions of credit made or deemed made on and after the date hereof by the Senior Secured Parties to the Borrower or any Grantor shall be deemed to have been given and made in reliance upon this Agreement. Each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, acknowledges that it and such Second Priority Debt Parties have, independently and without reliance on any Senior Representative or other Senior Secured Party, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into the Second Priority Debt Documents to which they are party or by which they are bound, this Agreement and the transactions contemplated hereby and thereby, and they will continue to make their own credit decisions in taking or not taking any action under the Second Priority Debt Documents or this Agreement.

Section 7.02. No Warranties or Liability.. Each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, acknowledges and agrees that neither any Senior Representative nor any other Senior Secured Party has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the Senior Debt Documents, the ownership of any Shared Collateral or the perfection or priority of any Liens thereon. The Senior Secured Parties will be entitled to manage and supervise their respective loans and extensions of credit under the Senior Debt Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the Senior Secured Parties may manage their loans and extensions of credit without regard to any rights or interests that the Second Priority Representatives and the Second Priority Debt Parties have in the Shared Collateral or otherwise, except as otherwise provided in this Agreement. Neither any Senior Representative nor any other Senior Secured Party shall have any duty to any Second Priority Representative or Second Priority Debt Party to act or refrain from acting in a manner that allows, or results in, the occurrence or continuance of an event of default or default under any agreement with the Borrower or any Subsidiary (including the Second Priority Debt Documents), regardless of any knowledge thereof that they may have or be charged with. Except as expressly set forth in this Agreement, the Senior Representatives, the Senior Secured Parties, the Second Priority Representatives and the Second Priority Debt Parties have not

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otherwise made to each other, nor do they hereby make to each other, any warranties, express or implied, nor do they assume any liability to each other with respect to (a) the enforceability, validity, value or collectability of any of the Senior Obligations, the Second Priority Debt Obligations or any guarantee or security which may have been granted to any of them in connection therewith, (b) any Grantor's title to or right to transfer any of the Shared Collateral or (c) any other matter except as expressly set forth in this Agreement.

Section 7.03. Obligations Unconditional.. All rights, interests, agreements and obligations of the Senior Representatives, the Senior Secured Parties, the Second Priority Representatives and the Second Priority Debt Parties hereunder shall remain in full force and effect irrespective of:

- (a) any lack of validity or enforceability of any Senior Debt Document or any Second Priority Debt Document;
- (b) any change in the time, manner or place of payment of, or in any other terms of, all or any of the Senior Obligations or Second Priority Debt Obligations, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of the Credit Agreement or any other Senior Debt Document or of the terms of any Second Priority Debt Document;
- (c) any exchange of any security interest in any Shared Collateral or any other collateral or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the Senior Obligations or Second Priority Debt Obligations or any guarantee thereof;
- (d) the commencement of any Insolvency or Liquidation Proceeding in respect of the Borrower or any other Grantor; or
- (e) any other circumstances that otherwise might constitute a defense available to (i) the Borrower or any other Grantor in respect of the Senior Obligations (other than the Discharge of Senior Obligations subject to Sections 5.06 and 6.04) or (ii) any Second Priority Representative or Second Priority Debt Party in respect of this Agreement.

## ARTICLE VIII

### Miscellaneous

Section 8.01. Conflicts.. Subject to Section 8.21, in the event of any conflict between the provisions of this Agreement and the provisions of any Senior Debt Document or any Second Priority Debt Document, the provisions of this Agreement shall govern. Notwithstanding the foregoing, the relative rights and obligations of the Senior Secured Collateral Agent, the Senior Representatives and the Senior Secured Parties (as amongst themselves) with respect to any Senior Collateral shall be governed by the terms of the First Lien Intercreditor Agreement and in the event of any conflict between the First Lien Intercreditor Agreement and this Agreement, the provisions of the First Lien Intercreditor Agreement shall control.

Section 8.02. Continuing Nature of this Agreement; Severability.. Subject to Section 6.04, this Agreement shall continue to be effective until the Discharge of Senior Obligations shall have occurred. This is a continuing agreement of Lien subordination, and the Senior Secured Parties may continue, at any time and without notice to the Second Priority Representatives or any Second Priority Debt Party, to extend credit and other financial accommodations and lend monies to or for the benefit of the Borrower or any Grantor constituting Senior Obligations in reliance hereon. The terms of this Agreement shall survive and continue in full force and effect in any Insolvency or Liquidation Proceeding. If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.03. Amendments; Waivers.. (a) No failure or delay on the part of any party hereto in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereto are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any party therefrom shall in any event be effective unless the same shall be permitted by Section 8.03(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

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(b) Neither this Agreement nor any provision hereof may be waived, amended or modified (other than pursuant to any Joinder Agreement), except pursuant to an agreement or agreements in writing entered into by each Representative (in each case, acting in accordance with the documents governing the applicable Debt Facility) (and with respect to any such waiver, amendment or modification which by the terms of this Agreement requires the Borrower's consent or which directly and adversely affects the rights, interests, liabilities or privileges of, or impose additional duties and obligations on, the Borrower or any other Grantor, with the consent of the Borrower). Any such amendment, supplement or waiver shall be in writing and shall be binding upon the Senior Secured Parties and the Second Priority Debt Parties and their respective successors and assigns.

(c) Notwithstanding the foregoing, without the consent of any Secured Party, any Representative may become a party hereto by execution and delivery of a Joinder Agreement in accordance with Section 8.09 and upon such execution and delivery, such Representative and the Secured Parties and Senior Obligations or Second Priority Debt Obligations of the Debt Facility for which such Representative is acting shall be subject to the terms hereof.

Section 8.04. Information Concerning Financial Condition of the Borrower and the Subsidiaries. The Senior Representatives, the Senior Secured Parties, the Second Priority Representatives and the Second Priority Secured Parties shall each be responsible for keeping themselves informed of (a) the financial condition of the Borrower and the Subsidiaries and all endorsers or guarantors of the Senior Obligations or the Second Priority Debt Obligations and (b) all other circumstances bearing upon the risk of nonpayment of the Senior Obligations or the Second Priority Debt Obligations. The Senior Representatives, the Senior Secured Parties, the Second Priority Representatives and the Second Priority Secured Parties shall have no duty to advise any other party hereunder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event that any Senior Representative, any Senior Secured Party, any Second Priority Representative or any Second Priority Debt Party, in its sole discretion, undertakes at any time or from time to time to provide any such information to any other party, it shall be under no obligation to (i) make, and the Senior Representatives, the Senior Secured Parties, the Second Priority Representatives and the Second Priority Debt Parties shall not make or be deemed to have made, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided, (ii) provide any additional information or to provide any such information on any subsequent occasion, (iii) undertake any investigation or (iv) disclose any information that, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

Section 8.05. Subrogation. Each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, hereby waives any rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of Senior Obligations has occurred.

Section 8.06. Application of Payments. Except as otherwise provided herein, all payments received by the Senior Secured Parties may be applied, reversed and reapplied, in whole or in part, to such part of the Senior Obligations as the Senior Secured Parties, in their sole discretion, deem appropriate, consistent with the terms of the Senior Debt Documents. Except as otherwise provided herein, each Second Priority Representative, on behalf of itself and each Second Priority Debt Party under its Second Priority Debt Facility, assents to any such extension or postponement of the time of payment of the Senior Obligations or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of any security that may at any time secure any part of the Senior Obligations and to the addition or release of any other Person primarily or secondarily liable therefor.

Section 8.07. Additional Grantors. The Borrower agrees that, if any Subsidiary shall become a Grantor after the date hereof, it will promptly cause such Subsidiary to become party hereto by executing and delivering an instrument in the form of Annex II. Upon such execution and delivery, such Subsidiary will become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of such instrument shall not require the consent of any other party hereunder, and will be acknowledged by the Designated Second Priority Representative and the Designated Senior Representative. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

Section 8.08. Dealings with Grantors. Upon any application or demand by the Borrower or any Grantor to any Representative to take or permit any action under any of the provisions of this Agreement or under any Collateral Document (if such action is subject to the provisions hereof), at the request of such Representative, the Borrower or such Grantor, as appropriate, shall furnish to such Representative a certificate of an authorized officer (an "Officer's Certificate") stating that all conditions precedent, if any, provided for in this Agreement or such Collateral Document, as the case may be, relating to the proposed action have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Agreement or any Collateral Document relating to such particular application or demand, no additional certificate or opinion need be furnished.

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Section 8.09. Additional Debt Facilities. To the extent, but only to the extent, permitted by the provisions of the then existing Senior Debt Documents and Second Priority Debt Documents, the Borrower may incur or issue and sell one or more series or classes of Second Priority Debt and one or more series or classes of Additional Senior Debt. Any such additional class or series of Second Priority Debt (the "Second Priority Class Debt") may be secured by a second priority, subordinated Lien on Shared Collateral, in each case under and pursuant to the relevant Second Priority Collateral Documents for such Second Priority Class Debt, if and subject to the condition that the Representative of any such Second Priority Class Debt (each, a "Second Priority Class Debt Representative"), acting on behalf of the holders of such Second Priority Class Debt (such Representative and holders in respect of any Second Priority Class Debt being referred to as the "Second Priority Class Debt Parties"), becomes a party to this Agreement by satisfying conditions (i) through (iii), as applicable, of the immediately succeeding paragraph. Any such additional class or series of Senior Facilities (the "Senior Class Debt"; and the Senior Class Debt and Second Priority Class Debt, collectively, the "Class Debt") may be secured by a senior Lien on Shared Collateral, in each case under and pursuant to the relevant Senior Collateral Documents, if and subject to the condition that the Representative of any such Senior Class Debt (each, a "Senior Class Debt Representative"; and the Senior Class Debt Representatives and Second Priority Class Debt Representatives, collectively, the "Class Debt Representatives"), acting on behalf of the holders of such Senior Class Debt (such Representative and holders in respect of any such Senior Class Debt being referred to as the "Senior Class Debt Parties"; and the Senior Class Debt Parties and Second Priority Class Debt Parties, collectively, the "Class Debt Parties"), becomes a party to this Agreement by satisfying the conditions set forth in clauses (i) through (iii), as applicable, of the immediately succeeding paragraph. In order for a Class Debt Representative to become a party to this Agreement:

(i) such Class Debt Representative shall have executed and delivered a Joinder Agreement substantially in the form of Annex III (if such Representative is a Second Priority Class Debt Representative) or Annex IV (if such Representative is a Senior Class Debt Representative) (with such changes as may be reasonably approved by the Designated Senior Representative and such Class Debt Representative) pursuant to which it becomes a Representative hereunder, and the Class Debt in respect of which such Class Debt Representative is the Representative constitutes Additional Senior Debt Obligations or Second Priority Debt Obligations, as applicable, and the related Class Debt Parties become subject hereto and bound hereby as Additional Senior Debt Parties or Second Priority Debt Parties, as applicable;

(ii) the Borrower (a) shall have delivered to the Designated Senior Representative an Officer's Certificate identifying the obligations to be designated as Additional Senior Debt Obligations or Second Priority Debt Obligations, as applicable, and the initial aggregate principal amount or face amount thereof and certifying that such obligations are permitted to be incurred and secured (I) in the case of Additional Senior Debt Obligations, on a senior basis under each of the Senior Debt Documents and (II) in the case of Second Priority Debt Obligations, on a junior basis under each of the Second Priority Debt Documents and (b) if requested, shall have delivered true and complete copies of each of the Second Priority Debt Documents or Senior Debt Documents, as applicable, relating to such Class Debt, certified as being true and correct by an authorized officer of the Borrower; and

(iii) the Second Priority Debt Documents or Senior Debt Documents, as applicable, relating to such Class Debt shall provide, in a manner reasonably satisfactory to the Designated Senior Representative and the Designated Second Priority Representative, that each Class Debt Party with respect to such Class Debt will be subject

Section 8.10. Refinancings. The Senior Debt Obligations and the Second Priority Debt may be refinanced or replaced, in whole or in part, in each case, without notice to, or the consent (except to the extent a consent is otherwise required to permit the refinancing transaction under any Senior Debt Document or any Second Priority Debt Document) of any Senior Representative or any Secured Party, all without affecting the Lien priorities provided for herein or the other provisions hereof. Each Second Priority Representative hereby agrees that at the request of the Borrower in connection with refinancing or replacement of Senior Obligations ("Replacement Senior Obligations") it will enter into an agreement with the agent or trustee for any Senior Obligations that refinance any Senior Obligations containing terms and conditions substantially similar to the terms and conditions of this Agreement.

Section 8.11. Consent to Jurisdiction; Waivers. Each Representative, on behalf of itself and the Secured Parties of the Debt Facility for which it is acting, irrevocably and unconditionally:

a. submits for itself and its property in any legal action or proceeding relating to this Agreement and the Collateral Documents, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the courts of the State of New York located in the Borough of Manhattan, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof and agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law;

b. consents and agrees that any such action or proceeding shall be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

c. agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Person (or its Representative) at the address referred to in Section 8.12;

d. agrees that nothing herein shall affect the right of any other party hereto (or any Secured Party) to effect service of process in any other manner permitted by law; and

e. waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 8.11 any special, exemplary, punitive or consequential damages.

Section 8.12. Notices. All notices, requests, demands and other communications provided for or permitted hereunder shall be in writing and shall be sent:

- i. if to the Borrower or any Grantor, to the Borrower, at its address at: [ ], Attention of [ ], telecopy [ ];
- ii. if to the Initial Second Priority Representative to it at: [ ], Attention of [ ], telecopy [ ];
- iii. if to the Administrative Agent, to it at: [ ], Attention of [ ], telecopy [ ];
- iv. if to any other Senior Representative a party hereto on the date hereof, to it at: [ ], Attention of [ ], telecopy [ ];
- v. if to any other Representative, to it at the address specified by it in the Joinder Agreement delivered by it pursuant to Section 8.09.

Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and, may be personally served, telecopied, electronically mailed or sent by courier service or U.S. mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or electronic mail or upon receipt via U.S. mail (registered or certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto shall be as set forth above or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

Section 8.13. Further Assurances. Each Senior Representative, on behalf of itself and each Senior Secured Party under the Senior Debt Facility for which it is acting, each Second Party Representative, on behalf of itself, and each Second Priority Debt Party under its Second Priority Debt Facility, agrees that it will take such further action and shall execute and deliver such additional documents and instruments (in recordable form, if requested) as the other parties hereto may reasonably request to effectuate the terms of, and the Lien priorities contemplated by, this Agreement.

Section 8.14. GOVERNING LAW; WAIVER OF JURY TRIAL.

**(A) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

**(B) EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH ACTION OR PROCEEDING SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 8.14 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.**

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Section 8.15. Binding on Successors and Assigns.. This Agreement shall be binding upon the Senior Representatives, the Senior Secured Parties, the Second Priority Representatives, the Second Priority Debt Parties, the Borrower, the other Grantors party hereto and their respective permitted successors and assigns.

Section 8.16. Section Titles.. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of this Agreement.

Section 8.17. Counterparts.. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page of this Agreement shall be effective as delivery of an original executed counterpart hereof.

Section 8.18. Authorization.. By its signature, each Person executing this Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement. The Administrative Agent represents and warrants that this Agreement is binding upon the Credit Agreement Secured Parties. The Initial Second Priority Representative represents and warrants that this Agreement is binding upon the Initial Second Priority Debt Parties.

Section 8.19. No Third Party Beneficiaries; Successors and Assigns.. The lien priorities set forth in this Agreement and the rights and benefits hereunder in respect of such lien priorities shall inure solely to the benefit of the Senior Representatives, the Senior Secured Parties, the Second Priority Representatives and the Second Priority Debt Parties, and their respective permitted successors and assigns, except as permitted in Section 8.03(b), and no other Person (including the Grantors, or any trustee, receiver, debtor in possession or bankruptcy estate in a bankruptcy or like proceeding) shall have or be entitled to assert such rights.

Section 8.20. Effectiveness.. This Agreement shall become effective when executed and delivered by the parties hereto.

Section 8.21. Administrative Agent and Representative.. It is understood and agreed that (a) the Administrative Agent is entering into this Agreement in its capacity as administrative agent and collateral agent under the Credit Agreement and the provisions of Article IX of the Credit Agreement applicable to the Agents (as defined therein) thereunder shall also apply to the Administrative Agent hereunder and (b) [ ] is entering into this Agreement in its capacity as [Administrative Agent] [Trustee] under [credit agreement] [indenture] (the ["Additional Administrative Agent"] ["Trustee"]) and the provisions of Article [ ] of such indenture applicable to the Trustee thereunder shall also apply to the [Additional Administrative Agent] [Trustee] hereunder.

Section 8.22. Relative Rights.. Notwithstanding anything in this Agreement to the contrary (except to the extent contemplated by Section 5.01(a), 5.01(d) or 5.03(b)), nothing in this Agreement is intended to or will (a) amend, waive or otherwise modify the provisions of the Credit Agreement, any other Senior Debt Document or any Second Priority Debt Documents, (b) change the relative priorities of the Senior Obligations or the Liens granted under the Senior Collateral Documents on the Shared Collateral (or any other assets) as among the Senior Secured Parties, (c) otherwise change the relative rights of the Senior Secured Parties in respect of the Shared Collateral as among such Senior Secured Parties or (d) obligate the Borrower or any Grantor to take any action, or fail to take any action, that would otherwise constitute a breach of, or default under, the Credit Agreement or any other Senior Debt Document or any Second Priority Debt Document.

Section 8.23. Survival of Agreement.. All covenants, agreements, representations and warranties made by any party in this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

GOLDMAN SACHS BANK USA,  
as Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

[\_\_\_\_\_] ,  
as [\_\_\_\_\_] for the holders of [applicable Additional Senior Debt Facility]

By: \_\_\_\_\_  
Name:  
Title:

[\_\_\_\_\_] ,  
as Initial Second Priority Representative

By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to Second Lien Intercreditor Agreement]*

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BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_  
Name:  
Title:

BRIGHT HORIZONS CAPITAL CORP.

By: \_\_\_\_\_  
Name:  
Title:

THE GRANTORS LISTED ON ANNEX I HERETO

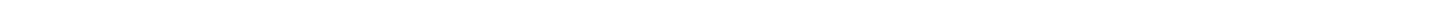
By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to Second Lien Intercreditor Agreement]*

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Grantors

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## ANNEX II

SUPPLEMENT NO. dated as of [ ], [ ] (this “Supplement”), to the SECOND LIEN INTERCREDITOR AGREEMENT dated as of [ ], [ ] (the “Second Lien Intercreditor Agreement”), among BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation (“Holdings”), BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the “Borrower”), and certain subsidiaries of the Borrower (together with the Borrower and Holdings, the “Grantors” and each, a “Grantor”), GOLDMAN SACHS BANK USA, as Representative for the Credit Agreement Secured Parties, [ ], as Initial Second Priority Representative, and the additional Representatives from time to time party thereto.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Second Lien Intercreditor Agreement.

B. The Grantors have entered into the Second Lien Intercreditor Agreement. Pursuant to the Credit Agreement, certain Additional Senior Debt Documents and certain Second Priority Debt Documents, certain newly acquired or organized Subsidiaries of the Borrower are required to enter into the Second Lien Intercreditor Agreement. Section 8.07 of the Second Lien Intercreditor Agreement provides that such Subsidiaries may become party to the Second Lien Intercreditor Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the “New Grantor”) is executing this Supplement in accordance with the requirements of the Credit Agreement, the Second Priority Debt Documents and Additional Senior Debt Documents.

Accordingly, the parties hereto hereby agree as follows:

SECTION 1. In accordance with Section 8.07 of the Second Lien Intercreditor Agreement, the New Grantor by its signature below becomes a Grantor under the Second Lien Intercreditor Agreement with the same force and effect as if originally named therein as a Grantor, and the New Grantor hereby agrees to all the terms and provisions of the Second Lien Intercreditor Agreement applicable to it as a Grantor thereunder. Each reference to a “Grantor” in the Second Lien Intercreditor Agreement shall be deemed to include the New Grantor. The Second Lien Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to the Designated Senior Representative and the other Secured Parties, individually, that (i) it has full power and authority to enter into this Supplement and (ii) this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to Debtor Relief Laws, general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing.

SECTION 3. This Supplement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Supplement shall become effective when the Designated Senior Representative shall have received a counterpart of this Supplement that bears the signature of the New Grantor. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page of this Supplement shall be effective as delivery of an originally executed counterpart hereof.

SECTION 4. Except as expressly supplemented hereby, the Second Lien Intercreditor Agreement shall remain in full force and effect.

**SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

SECTION 6. If any provision of this Supplement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Supplement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 8.12 of the Second Lien Intercreditor Agreement. All communications and notices hereunder to the New Grantor shall be given to it in care of the Borrower as specified in the Second Lien Intercreditor Agreement.

SECTION 8. The Borrower agrees to reimburse the Designated Senior Representative for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Designated Senior Representative as required by the applicable Senior Debt Documents.

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IN WITNESS WHEREOF, the New Grantor, and the Designated Senior Representative have duly executed this Supplement to the Second Lien Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW SUBSIDIARY GRANTOR]

By: \_\_\_\_\_

Name:

Title:

Acknowledged by:

[ \_\_\_\_\_ ], as Designated Senior Representative

By: \_\_\_\_\_

Name:

Title:

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[FORM OF] REPRESENTATIVE SUPPLEMENT NO. [ ] dated as of [ ], [ ] to the SECOND LIEN INTERCREDITOR AGREEMENT dated as of [ ], [ ] (the "Second Lien Intercreditor Agreement"), among BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation ("Holdings"), BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the "Borrower"), certain subsidiaries and affiliates of the Borrower (together with the Borrower and Holdings, the "Grantors" and each, a "Grantor"), GOLDMAN SACHS BANK USA, as Representative for the Credit Agreement Secured Parties, [ ], as Initial Second Priority Representative, and the additional Representatives from time to time party thereto.

A. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Second Lien Intercreditor Agreement.

B. As a condition to the ability of the Borrower to incur Second Priority Debt and to secure such Second Priority Class Debt with a Second Priority Lien and to have such Second Priority Class Debt guaranteed by the Grantors, in each case under and pursuant to the Second Priority Collateral Documents relating thereto, the Second Priority Class Debt Representative in respect of such Second Priority Class Debt is required to become a Representative under, and such Second Priority Class Debt and the Second Priority Class Debt Parties in respect thereof are required to become subject to and bound by, the Second Lien Intercreditor Agreement. Section 8.09 of the Second Lien Intercreditor Agreement provides that such Second Priority Class Debt Representative may become a Representative under, and such Second Priority Class Debt and such Second Priority Class Debt Parties may become subject to and bound by, the Second Lien Intercreditor Agreement as Second Priority Debt Obligations and Second Priority Debt Parties, respectively, pursuant to the execution and delivery by the Second Priority Class Debt Representative of an instrument in the form of this Representative Supplement and the satisfaction of the other conditions set forth in Section 8.09 of the Second Lien Intercreditor Agreement. The undersigned Second Priority Class Debt Representative (the "New Representative") is executing this Supplement in accordance with the requirements of the Senior Debt Documents and the Second Priority Debt Documents.

Accordingly, the Designated Senior Representative and the New Representative agree as follows:

SECTION 1. In accordance with Section 8.09 of the Second Lien Intercreditor Agreement, the New Representative by its signature below becomes a Representative under, and the related Second Priority Class Debt and Second Priority Class Debt Parties become subject to and bound by, the Second Lien Intercreditor Agreement as Second Priority Debt Obligations and Second Priority Debt Parties, respectively, with the same force and effect as if the New Representative had originally been named therein as a Representative, and the New Representative, on behalf of itself and such Second Priority Class Debt Parties, hereby agrees to all the terms and provisions of the Second Lien Intercreditor Agreement applicable to it as a Second Priority Representative and to the Second Priority Class Debt Parties that it represents as Second Priority Debt Parties. Each reference to a "Representative" or "Second Priority Representative" in the Second Lien Intercreditor Agreement shall be deemed to include the New Representative. The Second Lien Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to the Designated Senior Representative and the other Secured Parties that (i) it has full power and authority to enter into this Representative Supplement, in its capacity as [agent] [trustee], (ii) this Representative Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to Debtor Relief Laws, general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing and (iii) the Second Priority Debt Documents relating to such Second Priority Class Debt provide that, upon the New Representative's entry into this Agreement, the Second Priority Class Debt Parties in respect of such Second Priority Class Debt will be subject to and bound by the provisions of the Second Lien Intercreditor Agreement as Second Priority Debt Parties.

SECTION 3. This Representative Supplement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Representative Supplement shall become effective when the Designated Senior Representative shall have received a counterpart of this Representative Supplement that bears the signature of the New Representative. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page of this Representative Supplement shall be effective as delivery of an originally executed counterpart hereof.

SECTION 4. Except as expressly supplemented hereby, the Second Lien Intercreditor Agreement shall remain in full force and effect.

**SECTION 5. THIS REPRESENTATIVE SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

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SECTION 6. If any provision of this Representative Supplement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Representative Supplement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 8.12 of the Second Lien Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at its address set forth below its signature hereto.

SECTION 8. The Borrower agrees to reimburse the Designated Senior Representative for its reasonable out-of-pocket expenses in connection with this Representative Supplement, including the reasonable fees, other charges and disbursements of counsel for the Designated Senior Representative, in each case as required by the applicable Senior Debt Documents.

IN WITNESS WHEREOF, the New Representative and the Designated Senior Representative have duly executed this Representative Supplement to the Second Lien Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],  
as [ ] for the holders of[ ]

By: \_\_\_\_\_  
Name:  
Title:

Address for notices:  
\_\_\_\_\_  
\_\_\_\_\_  
Attention of:  
Telecopy:

[ ],  
as Designated Senior Representative

By: \_\_\_\_\_  
Name:  
Title:

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Acknowledged by:

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_

Name:

Title:

THE GRANTORS

LISTED ON SCHEDULE I HERETO

By: \_\_\_\_\_

Name:

Title:

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Schedule I to the  
Representative Supplement to the  
Second Lien Intercreditor Agreement

Grantors

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[FORM OF] REPRESENTATIVE SUPPLEMENT NO. [ ] dated as of [ ], 20[ ] to the SECOND LIEN INTERCREDITOR AGREEMENT dated as of [ ], 20[ ] (the “Second Lien Intercreditor Agreement”), among BRIGHT HORIZONS CAPITAL CORP., a Delaware corporation (“Holdings”), BRIGHT HORIZONS FAMILY SOLUTIONS LLC, a Delaware limited liability company (the “Borrower”), certain subsidiaries and affiliates of the Borrower (together with the Borrower and Holdings, each a “Grantor”), GOLDMAN SACHS BANK USA, as Representative for the Credit Agreement Secured Parties, [ ], as Initial Second Priority Representative, and the additional Representatives from time to time party thereto.

A. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Second Lien Intercreditor Agreement.

B. As a condition to the ability of the Borrower to incur Senior Class Debt after the date of the Second Lien Intercreditor Agreement and to secure such Senior Class Debt with the Senior Lien and to have such Senior Class Debt guaranteed by the Grantors on a senior basis, in each case under and pursuant to the Senior Collateral Documents relating thereto, the Senior Class Debt Representative in respect of such Senior Class Debt is required to become a Representative under, and such Senior Class Debt and the Senior Class Debt Parties in respect thereof are required to become subject to and bound by, the Second Lien Intercreditor Agreement. Section 8.09 of the Second Lien Intercreditor Agreement provides that such Senior Class Debt Representative may become a Representative under, and such Senior Class Debt and such Senior Class Debt Parties may become subject to and bound by, the Second Lien Intercreditor Agreement as Second Priority Debt Obligations and Additional Senior Debt Parties, respectively, pursuant to the execution and delivery by the Senior Class Debt Representative of an instrument in the form of this Representative Supplement and the satisfaction of the other conditions set forth in Section 8.09 of the Second Lien Intercreditor Agreement. The undersigned Senior Class Debt Representative (the “New Representative”) is executing this Supplement in accordance with the requirements of the Senior Debt Documents and the Second Priority Debt Documents.

Accordingly, the Designated Senior Representative and the New Representative agree as follows:

SECTION 1. In accordance with Section 8.09 of the Second Lien Intercreditor Agreement, the New Representative by its signature below becomes a Representative under, and the related Senior Class Debt and Senior Class Debt Parties become subject to and bound by, the Second Lien Intercreditor Agreement as Second Priority Debt Obligations and Additional Senior Debt Parties, respectively, with the same force and effect as if the New Representative had originally been named therein as a Representative, and the New Representative, on behalf of itself and such Senior Class Debt Parties, hereby agrees to all the terms and provisions of the Second Lien Intercreditor Agreement applicable to it as a Senior Representative and to the Senior Class Debt Parties that it represents as Senior Debt Parties. Each reference to a “Representative” or “Senior Representative” in the Second Lien Intercreditor Agreement shall be deemed to include the New Representative. The Second Lien Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to the Designated Senior Representative and the other Secured Parties that (i) it has full power and authority to enter into this Representative Supplement, in its capacity as [agent] [trustee], (ii) this Representative Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to Debtor Relief Laws, general principles of equity (whether considered in a proceeding in equity or law) and an implied covenant of good faith and fair dealing and (iii) the Senior Debt Documents relating to such Senior Class Debt provide that, upon the New Representative’s entry into this Agreement, the Senior Class Debt Parties in respect of such Senior Class Debt will be subject to and bound by the provisions of the Second Lien Intercreditor Agreement as Senior Secured Parties.

SECTION 3. This Representative Supplement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Representative Supplement shall become effective when the Designated Senior Representative shall have received a counterpart of this Representative Supplement that bears the signature of the New Representative. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page of this Representative Supplement shall be effective as delivery of an originally executed counterpart hereof.

SECTION 4. Except as expressly supplemented hereby, the Second Lien Intercreditor Agreement shall remain in full force and effect.

**SECTION 5. THIS REPRESENTATIVE SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

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SECTION 6. If any provision of this Representative Supplement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Representative Supplement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 8.12 of the Second Lien Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at its address set forth below its signature hereto.

SECTION 8. The Borrower agrees to reimburse the Designated Senior Representative for its reasonable out-of-pocket expenses in connection with this Representative Supplement, including the reasonable fees, other charges and disbursements of counsel for the Designated Senior Representative, in each case as required by the applicable Senior Debt Documents.

IN WITNESS WHEREOF, the New Representative and the Designated Senior Representative have duly executed this Representative Supplement to the Second Lien Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],  
as [ ] for the holders of [ ]

By: \_\_\_\_\_

Name:

Title:

Address for notices:

\_\_\_\_\_

\_\_\_\_\_

Attention of:

Telecopy:

[ ],  
as Designated Senior Representative

By: \_\_\_\_\_

Name:

Title:

---

Acknowledged by:

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

By: \_\_\_\_\_

Name:

Title:

BRIGHT HORIZONS CAPITAL CORP.

By: \_\_\_\_\_

Name:

Title:

THE GRANTORS  
LISTED ON SCHEDULE I HERETO

By: \_\_\_\_\_

Name:

Title:

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Schedule I to the  
Representative Supplement to the  
Second Lien Intercreditor Agreement

Grantors

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FORM OF U.S. TAX COMPLIANCE CERTIFICATE  
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto.

Pursuant to the provisions of Section 3.01 and Section 10.07 of the Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payment.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_, 20[ ]



FORM OF U.S. TAX COMPLIANCE CERTIFICATE  
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto.

Pursuant to the provisions of Section 3.01 and Section 10.07 of the Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payment.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_, 20[ ]

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FORM OF U.S. TAX COMPLIANCE CERTIFICATE  
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto.

Pursuant to the provisions of Section 3.01 and Section 10.07 of the Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payment.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_, 20[ ]



FORM OF U.S. TAX COMPLIANCE CERTIFICATE  
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement, dated as of January 30, 2013 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Agreement**"), among Bright Horizons Family Solutions LLC (the "**Borrower**"), Bright Horizons Capital Corp., as Holdings, the Lenders from time to time party thereto, Goldman Sachs Bank USA, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Swing Line Lender, L/C Issuer, Joint Lead Arranger and Joint Bookrunner, J.P. Morgan Securities LLC, as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Bookrunners and Co-Documentation Agents, and the other agents and parties party thereto.

Pursuant to the provisions of Section 3.01 and Section 10.07 of the Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payment.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_, 20[ ]

**BRIGHT HORIZONS FAMILY SOLUTIONS LLC  
AMENDED & RESTATED SEVERANCE AGREEMENT**

January 1, 2016

Mandy Berman  
c/o Bright Horizons Family Solutions LLC  
200 Talcott Avenue South  
Watertown, Massachusetts 02472

Dear Mandy:

WHEREAS, the Board of Managers (the “**Board**”) of Bright Horizons Family Solutions LLC (the “**Company**”) has determined that it is in the best interests of the Company and its sole member Bright Horizons Capital Corp., and Bright Horizons Family Solutions Inc. (“**Parent**”) and its stockholders, for the Company to agree to provide benefits to those members of management, including yourself, who are responsible for the policy-making functions of the Company and the overall viability of the Company’s business, in the event that you should leave the employ of the Company under the circumstances described below;

WHEREAS, the Board recognizes that the possibility of a change of control of the Company or Parent is unsettling to such members of management, including yourself, and desires to make these arrangements at this time to help assure a continuing dedication by you and your fellow members of management to your duties to the Company and its sole member (and Parent and its stockholders), notwithstanding the occurrence hereafter of attempts to gain control of the Company and the resultant disruptive effects on the management of the Company’s business;

WHEREAS, the Board believes it important, should the Company receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own employment situation and in addition to your regular duties, to assess and advise the Board whether such proposals would be in the best interests of the Company and its sole member (and Parent and its stockholders) and to take such other action regarding such proposals as the Board might determine to be appropriate;

WHEREAS, the Board also wishes to demonstrate to executives of the Company that the Company is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly;

WHEREAS, the Board wishes to supersede and replace the Severance Agreement between you and the Company dated November 6, 2012 (the “**Prior Severance Agreement**”) with this Amended & Restated Severance Agreement (the “**Agreement**”); and

NOW, THEREFORE, to assure the Company that it will have your continued dedication and the availability of your advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce you to remain in the employ of the Company, and in consideration of any stock options you were granted under the Bright Horizons Solutions Corp. 2008 Equity Incentive Plan, stock options and other awards you were granted under the Bright Horizons Family Solutions Inc. 2012 Equity Incentive Plan, your continued employment by the Company, the mutual

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promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, you agree as follows:

1. **Employee's Undertaking.** You agree that, in the event that any Person begins a tender or exchange offer, circulates a proxy to the Company's member (or Parent's stockholders) or takes other steps to effect a Change of Control, you will not voluntarily leave the employ of the Company and will faithfully and diligently render the services contemplated in the recitals to this Agreement until such Person has abandoned or terminated his efforts to effect a Change of Control or until a Change of Control has occurred.

2. **Severance Benefits.** In the event that, within twenty-four (24) months after a Change of Control, your employment with the Company is terminated for any reason other than for Cause or death or disability or you terminate your employment for Good Reason, the Company will provide you the following severance pay and benefits, subject to your continued performance under this Agreement and to the further provisions of this Agreement:

2.1 Within thirty (30) days of such termination of employment, the Company will pay your annual base salary accrued through the date of such termination to the extent not theretofore paid and a prorated portion of any bonus payable for the fiscal year in which the date of termination occurs.

2.2 So long as you are not in breach of any provision of this Agreement, the Company will provide you severance pay following the termination of your employment (i) for a period equal to the number of months that you have been employed by the Company, not to exceed twenty four (24) months or (ii) until you secure other employment, whichever is less (the "**Severance Payment Period**"). Bi-weekly severance pay shall equal one fifty-second (1/52) of your total base salary and cash bonus compensation for the last two years of your employment; provided, however, that if you have been employed by the Company for less than two years, such bi-weekly severance pay shall equal the quotient of (i) the total base salary and cash bonus compensation paid to you during your employment with the Company divided by (ii) the total number of weeks that you have been employed by the Company, which for purposes hereof shall include the week of termination, multiplied by (iii) two (2). Severance payments shall be made in accordance with the Company's regular payroll practices and shall be reduced by taxes and all other legally-required deductions.

2.3 If you elect to continue your participation and that of your eligible dependents in the Company's group health plans in accordance with applicable federal law following termination of your employment, then, for a period of twenty-four (24) months from the date your employment terminates or until you become eligible for coverage under the group health plans of another employer, whichever is less, the Company will pay the premiums for such participation; provided, however that if your continued participation in the Company's group health plans is not possible under the terms of those plans, the Company shall instead arrange to provide you and your dependents substantially similar benefits upon comparable terms or pay you an amount equal to the full cash value thereof in cash. Your participation in all other employee benefits plans will cease on the date your employment terminates, in accordance with the terms of those plans.

2.4 Any obligation of the Company to you hereunder, including without limitation under Section 2 and Section 11 of this Agreement, other than for accrued but unpaid base salary or benefits, shall be conditioned on your execution of a general release of claims in the form attached to this Agreement as Exhibit A (the "**Release of Claims**") within twenty-one (21) days following the date your employment is terminated (or such longer period as the Company shall determine it is required by law to

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permit the you to consider the Release of Claims) and provided you do not revoke the Release of Claims thereafter.

3. Stock Options. Notwithstanding any provision of any stock option or comparable plan of the Company or option agreements thereunder, all options granted you under such plans and not then exercised, expired, surrendered or canceled shall vest immediately prior to a Change in Control, except in the event that such vesting would preclude the pooling method of accounting for the specific transaction that resulted in such Change in Control.

4. Competitive Activities and Other Claims.

4.1 You agree that, at any time during your employment and during the Severance Payment Period, you will not directly or indirectly, whether as owner, partner, investor, consultant, agent, employee or otherwise, compete with the business of the Company or any of its subsidiaries or affiliates or undertake any active planning for any business competitive with that of the Company or any of its subsidiaries or affiliates in any geographic area in which the Company does, or any of its subsidiaries or affiliates do, business or is formally planning at any time prior to the termination of your employment to do business, without the prior written consent of the Board, which consent may be withheld in the Board's sole discretion.

4.2 You agree that, during your employment and during the Severance Payment Period, you will not directly or indirectly (a) solicit or encourage any customer of the Company or any of its subsidiaries or affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer or prospective customer of the Company or any of its subsidiaries or affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its subsidiaries and affiliates; provided that these restrictions shall apply (y) only with respect to those Persons who are or have been a customer of the Company or any of its subsidiaries or affiliates at any time within the immediately preceding two year period or whose business has been solicited on behalf of the Company or any of the subsidiaries or affiliates by any of their officers, employees or agents within said two year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its subsidiaries or affiliates or have been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its subsidiaries or affiliates or have had access to Confidential Information which would assist in your solicitation of such Person.

4.3 You agree that, during your employment and during the Severance Payment Period, you will not, and will not assist anyone else to, (a) hire or assist in or solicit for hiring any employee of the Company or any of its subsidiaries or affiliates, or seek to persuade any employee of the Company or any of its subsidiaries or affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its subsidiaries or affiliates to terminate or diminish its relationship with them. For the purposes of this Agreement, an "employee" of the Company or any of its subsidiaries or affiliates is any person who was such at any time within the preceding two (2) years.

4.4 In the event of termination of your employment under the circumstances described herein, the arrangements provided for by this Agreement, by any stock option or other written agreement between you and Parent in effect at that time and by any applicable employee benefit plans of the Company in effect at that time (in each case as modified by this Agreement) will constitute the entire obligation of the Company and its subsidiaries and affiliates to you, and performance by the Company (or, in the case of

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any such stock option, Parent) will constitute full settlement of any claim that you might otherwise assert against the Company or any of its subsidiaries or affiliates on account of such termination.

5. Confidentiality. You acknowledge that the Company and its subsidiaries and affiliates continually develop Confidential Information, that you may develop Confidential Information for the Company or its subsidiaries and affiliates, and that you may learn of Confidential Information during the course of employment. You agree that all Confidential Information that you create or to which you have access as a result of your employment is and shall remain the sole and exclusive property of the Company, and that you will comply with the policies and procedures of the Company and its subsidiaries and affiliates for protecting Confidential Information. You further agree that, except as required for the proper performance of your duties for the Company or as required by applicable law (and then only to the extent so required), you will not, directly or indirectly, use for your own benefit or gain, or assist others in the application of or disclose any Confidential Information. You understand and agree that these restrictions will continue to apply after your employment terminates, regardless of the reason for termination and regardless of whether you are receiving or are entitled to receive any payments or other benefits under this Agreement.

6. Enforceability and Remedies.

6.1 You agree that the restrictions on, and other provisions relating to, your activities contained in this Agreement are fully reasonable and necessary to protect the goodwill, Confidential Information and other legitimate business interests of the Company. You also acknowledge and agree that, were you to breach the provisions of this Agreement, the harm to the Company would be irreparable. You therefore agree that in the event of such breach or threatened breach, the Company shall, in addition to any other remedies available to it, have the right to obtain preliminary and permanent injunctive relief against any such breach without having to post bond, and will additionally be entitled to an award of attorneys' fees incurred in connection with securing any of its rights under Sections 4 or 5 of this Agreement. You also agree that the period of restriction referenced in Sections 4.1, 4.2, and 4.3 hereof shall be tolled and shall not run during any period of time when you are in violation thereof. You further agree that, in addition to any other relief awarded to the Company as a result of your breach of any of the provisions of this Agreement, the Company shall be entitled to recover all payments made to you or on your behalf hereunder. It is agreed and understood that no claimed breach of this Agreement by the Company, and no claimed violation of law, shall excuse you from your performance obligations under Sections 4 and 5 hereof, nor shall changes in the nature, scope, or content of your employment, or in your compensation, excuse you from your performance of such obligations or require that this Agreement be re-signed.

6.2 You hereby agree that in the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too long a time, too large a geographic area or too great a range of activities, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

7. Definitions. Words or phrases which are initially capitalized or within quotation marks shall have the meanings provided in this Section 7 and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

7.1 "**Act**" means the Securities Exchange Act of 1934, as amended.

7.2 "**Cause**" means (i) the commission of fraud, embezzlement, theft or other material act of dishonesty in the performance of your duties for, or responsibilities to, the Company and (ii) willful, or repeated and negligent, failure to adequately perform your duties for, or responsibilities to, the Company after reasonable notice from the Board setting forth in reasonable detail the nature of such failure and you

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shall not have remedied such failure within ten (10) days of receiving such notice. Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or based on the advice of counsel of the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interest of the Company.

7.3 “**Change of Control**” shall be deemed to take place if hereafter (i) any Person (other than any Person which is a holder of Parent common stock on the date hereof or any direct or indirect wholly-owned subsidiary of Parent) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act) of securities of (x) the Company representing more than 50% of the combined voting power of the Company’s then-outstanding securities, or (y) Parent representing more than 50% of the combined voting power of Parent’s then-outstanding securities (ii) the Company or Parent (or any wholly-owned subsidiary of Parent that is a direct or indirect parent company of the Company) is a party to a merger, consolidation sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board or the Board of Directors of Parent (the “**Parent Board**”) in office immediately prior to such transaction or event constitute less than a majority of the Board or the Parent Board, as applicable, thereafter, or (iii) individuals who, at the date hereof, constitute the Board (the “**Continuing Directors**”) or the Parent Board (the “**Continuing Parent Directors**”) cease for any reason to constitute a majority thereof; provided, however, that any manager or director, as applicable, who is not in office at the date hereof but whose election by the Board or the Parent Board, as applicable, or whose nomination for election by the Company’s member or Parent’s stockholders, as applicable, was approved by a vote of at least two-thirds of the managers or directors, as applicable, then still in office who either were managers or directors, as applicable, at the date hereof or whose election or nomination for election was previously so approved shall be deemed to be a Continuing Director or Continuing Parent Director, as applicable, for purposes of this Agreement. Notwithstanding the foregoing provisions of this paragraph, a “Change of Control” will not be deemed to have occurred solely because of the acquisition of the securities of the Company or Parent (or any reporting requirement under the Act relating thereto) by an employee benefit plan maintained by the Company or Parent for its employees.

7.4 “**Code**” means the Internal Revenue Code of 1986, as amended.

7.5 “**Confidential Information**” means any and all information of the Company, its subsidiaries and affiliates that is not generally known by others with whom they compete or do business, or with whom they plan to compete or do business and any and all information, publicly known in whole or in part or not, which, if disclosed by the Company or any of its subsidiaries or affiliates, would assist in competition against any of them. Confidential Information includes without limitation such information relating to (i) the financial performance and strategic plans of the Company, its subsidiaries and affiliates, (ii) the identity and special needs of their customers and the structure of any contractual relationship with such customers and (iii) the people and organizations with whom they have business relationships and the substance of those relationships. Confidential Information also includes any and all information that the Company or any of its subsidiaries or affiliates has received from others with any understanding that it would not be disclosed.

7.6 “**Good Reason**” means any material diminution in your base salary, bonus opportunity, position or nature or scope of responsibilities (other than by inadvertence) or any material reduction in your benefits that uniquely and disproportionately affects you, in each case occurring without your consent and as to which (x) you have provided written notice to the Board within thirty (30) days of the date on which you knew or reasonably should have known of such diminution or reduction, which notice shall set forth in reasonable detail the nature of such Good Reason, (y) the Company shall not have remedied such diminution or reduction within thirty (30) days of receiving such written notice, and (z) you shall have terminated your employment within ten (10) days after the Company’s failure to remedy

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such diminution or reduction. Termination of employment for Good Reason, as provided herein, is intended to be an involuntary separation of service for purposes of Section 409A of the Code, and shall be construed accordingly.

7.7 “**Person**” means an individual, a corporation, an association, a partnership, an estate, a trust or other entity or organization (including a “group” as defined in Section 13(d)(3) or 14(d)(2) of the Act), other than the Company or any of its subsidiaries.

8. **Assignment.** Neither the Company nor you may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without your consent in the event that the Company shall hereafter effect a reorganization, or consolidate with, or merge into any Person or other entity or transfer all or substantially all of its property or assets to any Person. This Agreement shall inure to the benefit of and be binding upon the Company, its successors (including without limitation any transferee of all or substantially all of its assets) and permitted assigns and upon you, your executors, administrators, heirs and permitted assigns.

In the event of any merger, consolidation, or sale of assets as described above, nothing contained in this Agreement will detract from or otherwise limit your right to participate or privilege of participation in any stock option or purchase plan or any bonus, profit sharing, pension, group insurance, hospitalization, or other incentive or benefit plan or arrangement which may be or become applicable to executives of the corporation resulting from such merger or consolidation or the corporation acquiring such assets of the Company.

In the event of any merger, consolidation or sale of assets as described above, references to the Company in this Agreement shall, unless the context suggests otherwise, be deemed to include the entity resulting from such merger or consolidation or the acquirer of such assets of the Company.

All payments required to be made, or other benefits required to be provided, by the Company hereunder to you or your dependents, beneficiaries, or estate will be subject to the withholding of such amounts relating to tax and/or other payroll deductions as may be required by law.

9. **Notices.** Any and all notices, requests, demands, acceptances, appointments and other communications provided for by this Agreement shall be in writing (including telex, telecopy or similar tele-transmission) and shall be effective when actually delivered in person or, if mailed, five (5) days after having been deposited in the United States mail, postage prepaid, registered or certified and addressed to you at your last known address on the books of the Company, or in the case of the Company, addressed to its principal place of business, attention of Chief Executive Officer, or to such other address as either party may specify by notice to the other.

10. **Miscellaneous.** The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by you and such officer as may be specifically designated by the Board. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of The Commonwealth of Massachusetts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together constitute one and the same instrument. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not

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affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

11. Payments Upon Termination or Resignation Without a Change in Control

11.1 Payments Upon Termination for Cause, Death, Disability or Voluntary Resignation. If (a) the Company at any time terminates your employment for Cause or (b) you voluntarily resign for any reason other than Good Reason, then in either case you shall be entitled to receive only your base salary and any other accrued benefits then due you on a pro rata basis to the date of termination plus reimbursement of properly reimbursable expenses through the date of termination. If you at any time die or become disabled ("disabled" being defined as your inability to perform your normal employment duties for a consecutive six (6) month period during the term of this Agreement because of either physical or mental incapacity), you shall be entitled to receive only your base salary and any other accrued benefits due you and any incentive bonus compensation on a pro rata basis and reimbursement of properly reimbursable expenses to the date of termination. "Pro rata" shall mean the product of your annual base salary and any incentive bonus compensation that would have been payable had your employment not terminated multiplied by a fraction the denominator of which is 365 and the numerator of which is the number of days during the calendar year that have passed through the date of the termination of your employment.

11.2 Payments Upon Termination Without Cause or Resignation for Good Reason. If the Company terminates your employment without Cause or you resign for Good Reason, then in either case you shall be entitled to receive bi-weekly severance payments for a period of one (1) year from the date of termination at your base salary level, with all benefits and taxes handled in the same manner as described in Section 2 above, plus any incentive bonus compensation and any other accrued benefits then due you on a pro rata basis through date of termination. Any payments or benefits provided under this Section 11 shall be in lieu of and not in addition to any payments or benefits provided under Section 2, and at no time will you be eligible for payments or benefits under both Section 2 and Section 11.

12. Section 409A. It is intended that (1) each installment of the payments provided under this Agreement is a separate "payment" for purposes of Section 409A of the Code and (2) that while the Company does not guarantee the tax treatment of deferred compensation payments, if any, made pursuant to this Agreement under Section 409A of the Code, this Agreement complies with Section 409A to the extent applicable and shall be interpreted and administered consistent therewith. Notwithstanding anything to the contrary in this Agreement, if the Company determines (i) that on the date your employment with the Company terminates or at such other time that the Company determines to be relevant, you are a "specified employee" (as such term is defined under Treasury Regulation 1.409A-I(i)(1)) of the Company and (ii) that any payments to be provided to you pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six (6) months after the date of your "separation from service" (as such term is defined under Treasury Regulation 1.409A-I(h)) with the Company. Any payments delayed pursuant to this Section 12 shall be made in a lump sum on the first day of the seventh month following your "separation from service" (as such term is defined under Treasury Regulation 1.409A-I(h)), and any remaining payments required to be made under this Agreement will be paid upon the schedule otherwise applicable to such payments under the Agreement.

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13. Prior Agreement Superseded. You acknowledge and agree that this Agreement supersedes and replaces the Prior Severance Agreement.

If you are in agreement with the foregoing, please so indicate by signing and returning to me the original of this Agreement, whereupon this Agreement shall constitute a binding agreement between you and the Company. The second copy is for your records.

*[remainder of page intentionally left blank]*

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Very truly yours,

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

/s/ Stephen Dreier\_\_\_\_\_

Name: Stephen Dreier

Title: Chief Administrative Officer

ACCEPTED AND AGREED:

Signature: /s/ Mandy Berman\_\_\_\_\_

Name: Mandy Berman

Date: December 11, 2015

[Signature Page]

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EXHIBIT A

RELEASE OF CLAIMS

FOR AND IN CONSIDERATION OF the benefits to be provided me in connection with the termination of my employment, as set forth in the agreement between me and Bright Horizons Family Solutions LLC (the “Company”) dated as of January 1, 2016 (the “Agreement”), which are conditioned on my signing this Release of Claims and to which I am not otherwise entitled, I, on my own behalf and on behalf of my heirs, executors, administrators, beneficiaries, representatives and assigns, and all others connected with or claiming through me, hereby release and forever discharge the Company, its subsidiaries and other affiliates and all of their respective past, present and future officers, directors, trustees, shareholders, employees, employee benefit plans, agents, general and limited partners, members, managers, investors, joint venturers, representatives, successors and assigns, and all others connected with any of them, both individually and in their official capacities, from any and all causes of action, rights or claims of any type or description, known or unknown, which I have had in the past, now have, or might now have, through the date of my signing of this Release of Claims, in any way resulting from, arising out of or connected with my employment by the Company or any of its subsidiaries or other affiliates or the termination of that employment or pursuant to any federal, state or local law, regulation or other requirement (including without limitation Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the fair employment practices laws of the state or states in which I have been employed by the Company or any of its subsidiaries or other affiliates, each as amended from time to time).

Excluded from the scope of this Release of Claims is (i) any claim arising under the terms of the Agreement or pursuant to the terms of any outstanding equity award or related agreement in respect thereof after the effective date of this Release of Claims and (ii) any right of indemnification or contribution that I have pursuant to the Articles of Incorporation or By-Laws of the Company or any of its subsidiaries or other affiliates.

In signing this Release of Claims, I acknowledge my understanding that I may not sign it prior to the termination of my employment, but that I may consider the terms of this Release of Claims for up to twenty-one (21) days (or such longer period as the Company may specify) from the later of the date my employment with the Company terminates or the date I receive this Release of Claims. I also acknowledge that I am advised by the Company and its subsidiaries and other affiliates to seek the advice of an attorney prior to signing this Release of Claims; that I have had sufficient time to consider this Release of Claims and to consult with an attorney, if I wished to do so, or to consult with any other person of my choosing before signing; and that I am signing this Release of Claims voluntarily and with a full understanding of its terms.

I further acknowledge that, in signing this Release of Claims, I have not relied on any promises or representations, express or implied, that are not set forth expressly in the Agreement. I understand that I may revoke this Release of Claims at any time within seven (7) days of the date of my signing by written notice to the Chief Administrative Officer of the Company and that this Release of Claims will take effect only upon the expiration of such seven-day revocation period and only if I have not timely revoked it. Intending to be legally bound, I have signed this Release of Claims under seal as of the date written below.

Signature: \_\_\_\_\_  
Name (please print): \_\_\_\_\_  
Date Signed: \_\_\_\_\_

**BRIGHT HORIZONS FAMILY SOLUTIONS LLC  
AMENDED & RESTATED SEVERANCE AGREEMENT**

January 1, 2016

Mary Lou Burke  
c/o Bright Horizons Family Solutions LLC  
200 Talcott Avenue South  
Watertown, Massachusetts 02472

Dear Mary Lou:

WHEREAS, the Board of Managers (the “**Board**”) of Bright Horizons Family Solutions LLC (the “**Company**”) has determined that it is in the best interests of the Company and its sole member Bright Horizons Capital Corp., and Bright Horizons Family Solutions Inc. (“**Parent**”) and its stockholders, for the Company to agree to provide benefits to those members of management, including yourself, who are responsible for the policy-making functions of the Company and the overall viability of the Company’s business, in the event that you should leave the employ of the Company under the circumstances described below;

WHEREAS, the Board recognizes that the possibility of a change of control of the Company or Parent is unsettling to such members of management, including yourself, and desires to make these arrangements at this time to help assure a continuing dedication by you and your fellow members of management to your duties to the Company and its sole member (and Parent and its stockholders), notwithstanding the occurrence hereafter of attempts to gain control of the Company and the resultant disruptive effects on the management of the Company’s business;

WHEREAS, the Board believes it important, should the Company receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own employment situation and in addition to your regular duties, to assess and advise the Board whether such proposals would be in the best interests of the Company and its sole member (and Parent and its stockholders) and to take such other action regarding such proposals as the Board might determine to be appropriate;

WHEREAS, the Board also wishes to demonstrate to executives of the Company that the Company is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly;

WHEREAS, the Board wishes to supersede and replace the Amended and Restated Severance Agreement between you and the Company dated October 3, 2012 (the “**Prior Severance Agreement**”) with this Amended & Restated Severance Agreement (the “**Agreement**”); and

NOW, THEREFORE, to assure the Company that it will have your continued dedication and the availability of your advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce you to remain in the employ of the Company, and in consideration of the stock options you were granted under the Bright Horizons Solutions Corp. 2008 Equity Incentive Plan, stock options and other awards you were granted under the Bright Horizons Family Solutions Inc. 2012 Equity Incentive Plan, your continued employment by the Company, the mutual

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promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, you agree as follows:

1. **Employee's Undertaking.** You agree that, in the event that any Person begins a tender or exchange offer, circulates a proxy to the Company's member (or Parent's stockholders) or takes other steps to effect a Change of Control, you will not voluntarily leave the employ of the Company and will faithfully and diligently render the services contemplated in the recitals to this Agreement until such Person has abandoned or terminated his efforts to effect a Change of Control or until a Change of Control has occurred.

2. **Severance Benefits.** In the event that, within twenty-four (24) months after a Change of Control, your employment with the Company is terminated for any reason other than for Cause or death or disability or you terminate your employment for Good Reason, the Company will provide you the following severance pay and benefits, subject to your continued performance under this Agreement and to the further provisions of this Agreement:

2.1 Within thirty (30) days of such termination of employment, the Company will pay your annual base salary accrued through the date of such termination to the extent not theretofore paid and a prorated portion of any bonus payable for the fiscal year in which the date of termination occurs.

2.2 So long as you are not in breach of any provision of this Agreement, the Company will provide you severance pay following the termination of your employment (i) for a period equal to the number of months that you have been employed by the Company, not to exceed twenty four (24) months or (ii) until you secure other employment, whichever is less (the "**Severance Payment Period**"). Bi-weekly severance pay shall equal one fifty-second (1/52) of your total base salary and cash bonus compensation for the last two years of your employment; provided, however, that if you have been employed by the Company for less than two years, such bi-weekly severance pay shall equal the quotient of (i) the total base salary and cash bonus compensation paid to you during your employment with the Company divided by (ii) the total number of weeks that you have been employed by the Company, which for purposes hereof shall include the week of termination, multiplied by (iii) two (2). Severance payments shall be made in accordance with the Company's regular payroll practices and shall be reduced by taxes and all other legally-required deductions.

2.3 If you elect to continue your participation and that of your eligible dependents in the Company's group health plans in accordance with applicable federal law following termination of your employment, then, for a period of twenty-four (24) months from the date your employment terminates or until you become eligible for coverage under the group health plans of another employer, whichever is less, the Company will pay the premiums for such participation; provided, however that if your continued participation in the Company's group health plans is not possible under the terms of those plans, the Company shall instead arrange to provide you and your dependents substantially similar benefits upon comparable terms or pay you an amount equal to the full cash value thereof in cash. Your participation in all other employee benefits plans will cease on the date your employment terminates, in accordance with the terms of those plans.

2.4 Any obligation of the Company to you hereunder, including without limitation under Section 2 and Section 11 of this Agreement, other than for accrued but unpaid base salary or benefits, shall be conditioned on your execution of a general release of claims in the form attached to this Agreement as Exhibit A (the "**Release of Claims**") within twenty-one (21) days following the date your employment is terminated (or such longer period as the Company shall determine it is required by law to

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permit the you to consider the Release of Claims) and provided you do not revoke the Release of Claims thereafter.

3. Stock Options. Notwithstanding any provision of any stock option or comparable plan of the Company or option agreements thereunder, all options granted you under such plans and not then exercised, expired, surrendered or canceled shall vest immediately prior to a Change in Control, except in the event that such vesting would preclude the pooling method of accounting for the specific transaction that resulted in such Change in Control.

4. Competitive Activities and Other Claims.

4.1 You agree that, at any time during your employment and during the Severance Payment Period, you will not directly or indirectly, whether as owner, partner, investor, consultant, agent, employee or otherwise, compete with the business of the Company or any of its subsidiaries or affiliates or undertake any active planning for any business competitive with that of the Company or any of its subsidiaries or affiliates in any geographic area in which the Company does, or any of its subsidiaries or affiliates do, business or is formally planning at any time prior to the termination of your employment to do business, without the prior written consent of the Board, which consent may be withheld in the Board's sole discretion.

4.2 You agree that, during your employment and during the Severance Payment Period, you will not directly or indirectly (a) solicit or encourage any customer of the Company or any of its subsidiaries or affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer or prospective customer of the Company or any of its subsidiaries or affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its subsidiaries and affiliates; provided that these restrictions shall apply (y) only with respect to those Persons who are or have been a customer of the Company or any of its subsidiaries or affiliates at any time within the immediately preceding two year period or whose business has been solicited on behalf of the Company or any of the subsidiaries or affiliates by any of their officers, employees or agents within said two year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its subsidiaries or affiliates or have been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its subsidiaries or affiliates or have had access to Confidential Information which would assist in your solicitation of such Person.

4.3 You agree that, during your employment and during the Severance Payment Period, you will not, and will not assist anyone else to, (a) hire or assist in or solicit for hiring any employee of the Company or any of its subsidiaries or affiliates, or seek to persuade any employee of the Company or any of its subsidiaries or affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its subsidiaries or affiliates to terminate or diminish its relationship with them. For the purposes of this Agreement, an "employee" of the Company or any of its subsidiaries or affiliates is any person who was such at any time within the preceding two (2) years.

4.4 In the event of termination of your employment under the circumstances described herein, the arrangements provided for by this Agreement, by any stock option or other written agreement between you and Parent in effect at that time and by any applicable employee benefit plans of the Company in effect at that time (in each case as modified by this Agreement) will constitute the entire obligation of the Company and its subsidiaries and affiliates to you, and performance by the Company (or, in the case of

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any such stock option, Parent) will constitute full settlement of any claim that you might otherwise assert against the Company or any of its subsidiaries or affiliates on account of such termination.

5. Confidentiality. You acknowledge that the Company and its subsidiaries and affiliates continually develop Confidential Information, that you may develop Confidential Information for the Company or its subsidiaries and affiliates, and that you may learn of Confidential Information during the course of employment. You agree that all Confidential Information that you create or to which you have access as a result of your employment is and shall remain the sole and exclusive property of the Company, and that you will comply with the policies and procedures of the Company and its subsidiaries and affiliates for protecting Confidential Information. You further agree that, except as required for the proper performance of your duties for the Company or as required by applicable law (and then only to the extent so required), you will not, directly or indirectly, use for your own benefit or gain, or assist others in the application of or disclose any Confidential Information. You understand and agree that these restrictions will continue to apply after your employment terminates, regardless of the reason for termination and regardless of whether you are receiving or are entitled to receive any payments or other benefits under this Agreement.

6. Enforceability and Remedies.

6.1 You agree that the restrictions on, and other provisions relating to, your activities contained in this Agreement are fully reasonable and necessary to protect the goodwill, Confidential Information and other legitimate business interests of the Company. You also acknowledge and agree that, were you to breach the provisions of this Agreement, the harm to the Company would be irreparable. You therefore agree that in the event of such breach or threatened breach, the Company shall, in addition to any other remedies available to it, have the right to obtain preliminary and permanent injunctive relief against any such breach without having to post bond, and will additionally be entitled to an award of attorneys' fees incurred in connection with securing any of its rights under Sections 4 or 5 of this Agreement. You also agree that the period of restriction referenced in Sections 4.1, 4.2, and 4.3 hereof shall be tolled and shall not run during any period of time when you are in violation thereof. You further agree that, in addition to any other relief awarded to the Company as a result of your breach of any of the provisions of this Agreement, the Company shall be entitled to recover all payments made to you or on your behalf hereunder. It is agreed and understood that no claimed breach of this Agreement by the Company, and no claimed violation of law, shall excuse you from your performance obligations under Sections 4 and 5 hereof, nor shall changes in the nature, scope, or content of your employment, or in your compensation, excuse you from your performance of such obligations or require that this Agreement be re-signed.

6.2 You hereby agree that in the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too long a time, too large a geographic area or too great a range of activities, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

7. Definitions. Words or phrases which are initially capitalized or within quotation marks shall have the meanings provided in this Section 7 and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

7.1 "**Act**" means the Securities Exchange Act of 1934, as amended.

7.2 "**Cause**" means (i) the commission of fraud, embezzlement, theft or other material act of dishonesty in the performance of your duties for, or responsibilities to, the Company and (ii) willful, or repeated and negligent, failure to adequately perform your duties for, or responsibilities to, the Company after reasonable notice from the Board setting forth in reasonable detail the nature of such failure and you

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shall not have remedied such failure within ten (10) days of receiving such notice. Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or based on the advice of counsel of the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interest of the Company.

7.3 “**Change of Control**” shall be deemed to take place if hereafter (i) any Person (other than any Person which is a holder of Parent common stock on the date hereof or any direct or indirect wholly-owned subsidiary of Parent) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act) of securities of (x) the Company representing more than 50% of the combined voting power of the Company’s then-outstanding securities, or (y) Parent representing more than 50% of the combined voting power of Parent’s then-outstanding securities (ii) the Company or Parent (or any wholly-owned subsidiary of Parent that is a direct or indirect parent company of the Company) is a party to a merger, consolidation sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board or the Board of Directors of Parent (the “**Parent Board**”) in office immediately prior to such transaction or event constitute less than a majority of the Board or the Parent Board, as applicable, thereafter, or (iii) individuals who, at the date hereof, constitute the Board (the “**Continuing Directors**”) or the Parent Board (the “**Continuing Parent Directors**”) cease for any reason to constitute a majority thereof; provided, however, that any manager or director, as applicable, who is not in office at the date hereof but whose election by the Board or the Parent Board, as applicable, or whose nomination for election by the Company’s member or Parent’s stockholders, as applicable, was approved by a vote of at least two-thirds of the managers or directors, as applicable, then still in office who either were managers or directors, as applicable, at the date hereof or whose election or nomination for election was previously so approved shall be deemed to be a Continuing Director or Continuing Parent Director, as applicable, for purposes of this Agreement. Notwithstanding the foregoing provisions of this paragraph, a “Change of Control” will not be deemed to have occurred solely because of the acquisition of the securities of the Company or Parent (or any reporting requirement under the Act relating thereto) by an employee benefit plan maintained by the Company or Parent for its employees.

7.4 “**Code**” means the Internal Revenue Code of 1986, as amended.

7.5 “**Confidential Information**” means any and all information of the Company, its subsidiaries and affiliates that is not generally known by others with whom they compete or do business, or with whom they plan to compete or do business and any and all information, publicly known in whole or in part or not, which, if disclosed by the Company or any of its subsidiaries or affiliates, would assist in competition against any of them. Confidential Information includes without limitation such information relating to (i) the financial performance and strategic plans of the Company, its subsidiaries and affiliates, (ii) the identity and special needs of their customers and the structure of any contractual relationship with such customers and (iii) the people and organizations with whom they have business relationships and the substance of those relationships. Confidential Information also includes any and all information that the Company or any of its subsidiaries or affiliates has received from others with any understanding that it would not be disclosed.

7.6 “**Good Reason**” means any material diminution in your base salary, bonus opportunity, position or nature or scope of responsibilities (other than by inadvertence) or any material reduction in your benefits that uniquely and disproportionately affects you, in each case occurring without your consent and as to which (x) you have provided written notice to the Board within thirty (30) days of the date on which you knew or reasonably should have known of such diminution or reduction, which notice shall set forth in reasonable detail the nature of such Good Reason, (y) the Company shall not have remedied such diminution or reduction within thirty (30) days of receiving such written notice, and (z) you shall have terminated your employment within ten (10) days after the Company’s failure to remedy

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such diminution or reduction. Termination of employment for Good Reason, as provided herein, is intended to be an involuntary separation of service for purposes of Section 409A of the Code, and shall be construed accordingly.

7.7 **“Person”** means an individual, a corporation, an association, a partnership, an estate, a trust or other entity or organization (including a “group” as defined in Section 13(d)(3) or 14(d)(2) of the Act), other than the Company or any of its subsidiaries.

8. **Assignment.** Neither the Company nor you may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without your consent in the event that the Company shall hereafter effect a reorganization, or consolidate with, or merge into any Person or other entity or transfer all or substantially all of its property or assets to any Person. This Agreement shall inure to the benefit of and be binding upon the Company, its successors (including without limitation any transferee of all or substantially all of its assets) and permitted assigns and upon you, your executors, administrators, heirs and permitted assigns.

In the event of any merger, consolidation, or sale of assets as described above, nothing contained in this Agreement will detract from or otherwise limit your right to participate or privilege of participation in any stock option or purchase plan or any bonus, profit sharing, pension, group insurance, hospitalization, or other incentive or benefit plan or arrangement which may be or become applicable to executives of the corporation resulting from such merger or consolidation or the corporation acquiring such assets of the Company.

In the event of any merger, consolidation or sale of assets as described above, references to the Company in this Agreement shall, unless the context suggests otherwise, be deemed to include the entity resulting from such merger or consolidation or the acquirer of such assets of the Company.

All payments required to be made, or other benefits required to be provided, by the Company hereunder to you or your dependents, beneficiaries, or estate will be subject to the withholding of such amounts relating to tax and/or other payroll deductions as may be required by law.

9. **Notices.** Any and all notices, requests, demands, acceptances, appointments and other communications provided for by this Agreement shall be in writing (including telex, telecopy or similar tele-transmission) and shall be effective when actually delivered in person or, if mailed, five (5) days after having been deposited in the United States mail, postage prepaid, registered or certified and addressed to you at your last known address on the books of the Company, or in the case of the Company, addressed to its principal place of business, attention of Chief Executive Officer, or to such other address as either party may specify by notice to the other.

10. **Miscellaneous.** The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by you and such officer as may be specifically designated by the Board. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of The Commonwealth of Massachusetts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together constitute one and the same instrument. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not

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affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

11. Payments Upon Termination or Resignation Without a Change in Control

11.1 Payments Upon Termination for Cause, Death, Disability or Voluntary Resignation. If (a) the Company at any time terminates your employment for Cause or (b) you voluntarily resign for any reason other than Good Reason, then in either case you shall be entitled to receive only your base salary and any other accrued benefits then due you on a pro rata basis to the date of termination plus reimbursement of properly reimbursable expenses through the date of termination. If you at any time die or become disabled (“disabled” being defined as your inability to perform your normal employment duties for a consecutive six (6) month period during the term of this Agreement because of either physical or mental incapacity), you shall be entitled to receive only your base salary and any other accrued benefits due you and any incentive bonus compensation on a pro rata basis and reimbursement of properly reimbursable expenses to the date of termination. “Pro rata” shall mean the product of your annual base salary and any incentive bonus compensation that would have been payable had your employment not terminated multiplied by a fraction the denominator of which is 365 and the numerator of which is the number of days during the calendar year that have passed through the date of the termination of your employment.

11.2 Payments Upon Termination Without Cause or Resignation for Good Reason. If the Company terminates your employment without Cause or you resign for Good Reason, then in either case you shall be entitled to receive bi-weekly severance payments for a period of one (1) year from the date of termination at your base salary level, with all benefits and taxes handled in the same manner as described in Section 2 above, plus any incentive bonus compensation and any other accrued benefits then due you on a pro rata basis through date of termination. Any payments or benefits provided under this Section 11 shall be in lieu of and not in addition to any payments or benefits provided under Section 2, and at no time will you be eligible for payments or benefits under both Section 2 and Section 11.

12. Section 409A. It is intended that (1) each installment of the payments provided under this Agreement is a separate “payment” for purposes of Section 409A of the Code and (2) that while the Company does not guarantee the tax treatment of deferred compensation payments, if any, made pursuant to this Agreement under Section 409A of the Code, this Agreement complies with Section 409A to the extent applicable and shall be interpreted and administered consistent therewith. Notwithstanding anything to the contrary in this Agreement, if the Company determines (i) that on the date your employment with the Company terminates or at such other time that the Company determines to be relevant, you are a “specified employee” (as such term is defined under Treasury Regulation 1.409A-I(i)(1)) of the Company and (ii) that any payments to be provided to you pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six (6) months after the date of your “separation from service” (as such term is defined under Treasury Regulation 1.409A-I(h)) with the Company. Any payments delayed pursuant to this Section 12 shall be made in a lump sum on the first day of the seventh month following your “separation from service” (as such term is defined under Treasury Regulation 1.409A-I(h)), and any remaining payments required to be made under this Agreement will be paid upon the schedule otherwise applicable to such payments under the Agreement.

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13. Prior Agreement Superseded. You acknowledge and agree that this Agreement supersedes and replaces the Prior Severance Agreement.

If you are in agreement with the foregoing, please so indicate by signing and returning to me the original of this Agreement, whereupon this Agreement shall constitute a binding agreement between you and the Company. The second copy is for your records.

*[remainder of page intentionally left blank]*

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Very truly yours,

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

/s/ Stephen Dreier

Name: Stephen Dreier

Title: Chief Administrative Officer

ACCEPTED AND AGREED:

Signature: /s/ Mary Lou Burke

Name: Mary Lou Burke

Date:

[Signature Page]

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## EXHIBIT A

## RELEASE OF CLAIMS

FOR AND IN CONSIDERATION OF the benefits to be provided me in connection with the termination of my employment, as set forth in the agreement between me and Bright Horizons Family Solutions LLC (the “**Company**”) dated as of January 1, 2016 (the “**Agreement**”), which are conditioned on my signing this Release of Claims and to which I am not otherwise entitled, I, on my own behalf and on behalf of my heirs, executors, administrators, beneficiaries, representatives and assigns, and all others connected with or claiming through me, hereby release and forever discharge the Company, its subsidiaries and other affiliates and all of their respective past, present and future officers, directors, trustees, shareholders, employees, employee benefit plans, agents, general and limited partners, members, managers, investors, joint venturers, representatives, successors and assigns, and all others connected with any of them, both individually and in their official capacities, from any and all causes of action, rights or claims of any type or description, known or unknown, which I have had in the past, now have, or might now have, through the date of my signing of this Release of Claims, in any way resulting from, arising out of or connected with my employment by the Company or any of its subsidiaries or other affiliates or the termination of that employment or pursuant to any federal, state or local law, regulation or other requirement (including without limitation Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the fair employment practices laws of the state or states in which I have been employed by the Company or any of its subsidiaries or other affiliates, each as amended from time to time).

Excluded from the scope of this Release of Claims is (i) any claim arising under the terms of the Agreement or pursuant to the terms of any outstanding equity award or related agreement in respect thereof after the effective date of this Release of Claims and (ii) any right of indemnification or contribution that I have pursuant to the Articles of Incorporation or By-Laws of the Company or any of its subsidiaries or other affiliates.

In signing this Release of Claims, I acknowledge my understanding that I may not sign it prior to the termination of my employment, but that I may consider the terms of this Release of Claims for up to twenty-one (21) days (or such longer period as the Company may specify) from the later of the date my employment with the Company terminates or the date I receive this Release of Claims. I also acknowledge that I am advised by the Company and its subsidiaries and other affiliates to seek the advice of an attorney prior to signing this Release of Claims; that I have had sufficient time to consider this Release of Claims and to consult with an attorney, if I wished to do so, or to consult with any other person of my choosing before signing; and that I am signing this Release of Claims voluntarily and with a full understanding of its terms.

I further acknowledge that, in signing this Release of Claims, I have not relied on any promises or representations, express or implied, that are not set forth expressly in the Agreement. I understand that I may revoke this Release of Claims at any time within seven (7) days of the date of my signing by written notice to the Chief Administrative Officer of the Company and that this Release of Claims will take effect only upon the expiration of such seven-day revocation period and only if I have not timely revoked it. Intending to be legally bound, I have signed this Release of Claims under seal as of the date written below.

Signature: \_\_\_\_\_

Name (please print): \_\_\_\_\_

Date Signed: \_\_\_\_\_



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**DATE: 8 NOVEMBER 2016**

**AGREEMENT**

**FOR THE SALE AND PURCHASE OF THE ENTIRE ISSUED SHARE CAPITAL OF  
CONCHORD LIMITED**

---

**Between**

**KAUPTHING ehf.**

**and**

**THE PERSONS LISTED IN SCHEDULE 1**

**and**

**BHFS TWO LIMITED**

**and**

**BRIGHT HORIZONS FAMILY SOLUTIONS LLC**

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**CMS Cameron McKenna LLP  
Cannon Place  
78 Cannon Street  
London EC4N 6AF  
T +44 20 7367 3000  
F +44 20 7367 2000  
cms.law**

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THIS AGREEMENT is made the 8th day of November 2016

**BETWEEN:**

- (1) **KAUPTHING ehf.** (registered in Iceland under number 560882-0419) whose registered office is at Borgartun 26, 105 Reykjavik, Iceland (“**Kaupthing**”);
- (2) **THE PERSONS** whose respective names and addresses are set out in column (1) of Part B of Schedule 1 (*Details of the Sellers*) (the “**Management Sellers**”);
- (3) **BHFS TWO LIMITED** (registered in England with number 03943326) whose registered office is at 2 Crown Court, Rushden, Northamptonshire NN10 6BS (the “**Purchaser**”); and
- (4) **BRIGHT HORIZONS FAMILY SOLUTIONS LLC** (registered in Delaware with number 2888832) whose registered office is at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 (the “**Guarantor**”).

**RECITALS**

- (A) Details of Conchord Limited are set out in Schedule 2 (*Details of the Company*).
- (B) The Sellers have agreed to sell the Shares (as defined below) to the Purchaser and the Purchaser has agreed to purchase the Shares on and subject to the terms and conditions of this Agreement.
- (C) The Guarantor agrees to guarantee certain obligations of the Purchaser under this Agreement on the terms set out in clauses 2.5 to 2.13.

**NOW IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

*Defined terms*

1.1 In this Agreement:

“**Adjusted C Ordinary Shares**” has the meaning given to that phrase in the Articles

“**Affiliate**”: in relation to any body corporate (i) a parent undertaking of such body corporate; or (ii) a subsidiary undertaking of such body corporate or of any such parent undertaking

“**Agreement**”: (subject to clause 23.1 (This Agreement)) this Agreement including the Recitals and Schedules

“**A Ordinary Shares**”: the 900 A ordinary shares with a nominal value of £1.00 each in the capital of the Company

“**Applicable Laws**”: any applicable law, regulation, principle, rule or ordinance in any applicable jurisdiction or any direction, instruction, pronouncement, requirement, decision of, or contractual obligation owed to, an applicable governmental or regulatory authority (including any relevant antitrust, anti-bribery and anti-money laundering laws)

“**Articles**” means the articles of association of the Company which were adopted on 3 June 2015

“**Assignment Agreement**”: the assignment agreement transferring the total amount owed to Kaupthing (in its capacity as lender) by the Company (including all outstanding principal and interest) under the facilities agreement dated 28 June 2007 (as amended from time to time and most recently amended and restated on 18

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January 2016) made between (i) CAL (as borrower), (ii) Kaupthing (as lender, agent and others) and (iii) the Guarantors (as defined therein) to the Purchaser

“**Agency Resignation and Appointment Deed**” the deed providing for the resignation by Kaupthing in its capacities as agent and security trustee under the Finance Documents and the appointment of the Purchaser as new agent and new security trustee under the Facilities Agreement and the other Finance Documents

“**B Ordinary Shares**”: the 58 B ordinary shares with a nominal value of £1.00 each in the capital of the Company

“**Business Day**”: a day which is not a Saturday or Sunday or a public holiday in London or Iceland

“**C Ordinary Shares**”: the 1,900 C ordinary shares with a nominal value of £0.01 each acquired upon exercise of the Options

“**CAL**”: Chestnutbay Acquisitionco Limited (Company No. 06259744)

“**Cash Consideration**”: the cash consideration payable for the Shares, as specified in clause 3.1.1 (Consideration)

“**Company**”: the company named in Recital (A)

“**Completion**”: completion of the sale and purchase of the Shares pursuant to the terms of this Agreement

“**Completion Date**”: means 10 November 2016

“**Confidential Information**”: is as defined in clause 14.1 (Confidentiality; Announcements)

“**Consultancy Claim**”: means the action taken, and/or correspondence entered into, by and on behalf of HMRC arising from the Consultancy Disclosure

“**Consultancy Contracts**”: means the consultancy contracts between Asquith Nurseries Limited and each of the Service Companies

“**Consultancy Disclosure**”: means a voluntary disclosure to be made to HMRC in accordance with clauses 10.2 and 10.3 in relation to potential income tax, national insurance contributions and value added tax that the Group may be liable to account for to HMRC in respect of payments made by the Group to the Service Companies pursuant to the Consultancy Contracts

“**Consultancy Escrow Account**”: the account named the ‘Project Hekla Consultancy Escrow Account’ to be opened by the Escrow Agent and to be operated in accordance with this Agreement and the relevant Escrow Account Letter

“**Consultancy Escrow Amount**”: is as defined in clause 3.1.4 (Consideration)

“**Consultancy Escrow Balance**”: means the balance standing to the credit of the Consultancy Escrow Account from time to time

“**Consultancy Escrow Release Date**”: means 10 Business Days after the date on which the Consultancy Claim has been Finally Determined

“**Consultancy Liability**”: means any amount which it has been Finally Determined that the Group is legally obliged to pay to HMRC in connection with the Consultancy Claim

“**Connected Person**”: a person connected (within the meaning of sections 1122 and 1123 Corporation Tax Act 2010) with any of the Sellers or any of the directors of the Company or of any of its subsidiary undertakings,

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except that no Seller shall be treated as a Connected Person of (a) any other Seller and/or (b) any member of the Group or Purchaser's Group and/or (c) any other person who might be otherwise termed connected with that Seller by section 1122(4) Corporation Tax Act 2010 in relation to the sale of the Shares contemplated by this Agreement and/or related financing or investment arrangements

**"Consideration"**: the consideration payable for the Shares, as specified in clause 3.1 (Consideration)

**"Data Room"**: as defined in the Warranty Deed

**"Data Room Index"**: the index of the Data Room as at 2:30pm on 7 November 2016 in the agreed form

**"Deloitte Memorandum"** the memorandum summarising the ongoing group relief enquiries into Asquith Nurseries Ltd and Goosebrook Ltd prepared by Deloitte LLP, London for Kaupthing ehf. dated 19 September 2016 a copy of which has been provided to the Purchaser

**"Disclosure Letter"**: as defined in the Warranty Deed

**"D Ordinary Shares"**: the 38 D ordinary shares with a nominal value of £0.50 each in the capital of the Company

**"Encumbrance"**: any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement, or any agreement to create any of the above (other than by virtue of this Agreement)

**"E Ordinary Shares"**: the 104 E ordinary shares with a nominal value of £1.00 each in the capital of the Company

**"Escrow Accounts"**: the Warranty Escrow Account, the WHT Escrow Account, the Group Relief Escrow Account and the Consultancy Escrow Account

**"Escrow Account Letters"**: means the letters in the agreed form from the Sellers and the Purchaser to the Escrow Agent in relation to each of the Escrow Accounts

**"Escrow Agent"**: JP Morgan Chase Bank, N.A.

**"Fees Schedule"**: the schedule of Sellers' fees payable by the Company in the agreed form

**"Finance Documents"**: is as defined in the Warranty Deed

**"Finally Determined"**: means the earlier of:

- (a) (in respect of the WHT Escrow Account, the Group Relief Escrow Account and the Consultancy Escrow Account) the date on which such liability has been agreed between HMRC and the Company in accordance with the provisions of Clause 10; or
- (b) the date of a final determination of a court from which no appeal can be made or from which no appeal is made within any requisite time period; or
- (c) (in respect of a Warranty Claim) the date on which the Management Warrantors and the Purchaser expressly agree in writing that the claim should be treated as such

**"Finally Determined Warranty Claim Amount"**: has the meaning set out in clause 9.11.1 of this Agreement

**"F Ordinary Shares"**: the 204 F ordinary shares with a nominal value of £0.00001 each in the capital of the Company

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“**Group Companies**” or “**Group**”: the Company and all its subsidiaries (and “**Group Company**” shall be construed accordingly)

“**Group Relief Claim**”: means the existing enquiry regarding the surrender of group relief by Kaupthing (or its subsidiaries) to certain Group Companies as referred to in the Deloitte Memorandum, as extended, or together with any additional enquiry, in relation to the same subject matter in respect of the Group for the financial year commencing on 1 March 2015 or the non-availability of sufficient losses to be surrendered into the Group for the period commencing 1 March 2015 to eliminate any corporation tax in that period

“**Group Relief Escrow Account**”: the account named the ‘Project Hekla Group Relief Escrow Account’ to be opened by the Escrow Agent and to be operated in accordance with this Agreement and the relevant Escrow Account Letter

“**Group Relief Escrow Amount**”: is as defined in Clause 3.1.2 (Consideration)

“**Group Relief Escrow Balance**”: means the balance standing to the credit of the Group Relief Escrow Account from time to time

“**Group Relief Escrow Release Date**”: means 10 Business Days after the date on which the Group Relief Claim has been Finally Determined

“**Group Relief Liability**”: means any amount which it has been Finally Determined the Company is legally obliged to pay to HMRC in connection with the Group Relief Claim

“**Guaranteed Obligations**”: is as defined in clause 2.5

“**HMRC**”: HM Revenue & Customs

“**Key Employee**”: anyone employed or engaged by the Company or any Group Company (including any nursery manager or deputy manager) who could materially damage the interests of the Company or any Group Company if they were involved as agent, consultant, director, employee, owner, partner, shareholder or in any other capacity in any business concern which competes with the Company or any Group Company

“**Leakage**”: the following to the extent effected or received during the Locked Box Period or, in the case of (h) below, after its expiry:

- (a) any dividend or distribution of profits or assets declared, paid or made by any Group Company (other than to or in favour of another Group Company) to or for the benefit of any Seller or any Connected Person of that Seller;
  - (b) any payments made in respect of redemption or purchase of shares, bonds, loans or other securities or return of capital (whether by reduction of capital or otherwise) by a Group Company (other than to or in favour of another Group Company) in each case to or in favour of any Seller or a Connected Person of such Seller;
  - (c) any payments made (including loan repayments, service or directors’ fees, advisory, monitoring or directors’ charges or other compensation, including interest on any of them) by any Group Company (other than to or in favour of another Group Company) or assets transferred to (or any liabilities assumed or incurred by any Group Company for the direct benefit of), in each case, any Seller or a Connected Person of such Seller;
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- (d) the waiver by any Group Company of any amount owed to that Group Company (other than to or in favour of another Group Company) by or for the direct benefit of any Seller or a Connected Person of such Seller;
- (e) any transaction bonuses paid by a Group Company to, or on behalf of, any Seller or a Connected Person of such Seller;
- (f) any liability assumed, guaranteed, indemnified, or otherwise incurred by a Group Company, in each case for the direct benefit of any Seller or a Connected Person of such Seller;
- (g) any costs or expenses properly attributable to the Sellers' sale of the Shares (including any professional advisers' fees) payable as a result of or in connection with the sale of the Shares paid or incurred by, or on behalf of, a Group Company, or by a Group Company on behalf of any Seller or a Connected Person of a Seller;
- (h) a Seller or Connected Person receiving, after the Locked Box Period, the direct benefit of any Leakage falling within any of (a) to (g) above by reason of any agreement by any Group Company entered into during the Locked Box Period; and
- (i) any Tax incurred by any Group Company relating to any of the things set out in (a) to (h) (inclusive) above but excluding, for the avoidance of doubt, any liability for Tax which arises in connection with Permitted Leakage,

but in all cases excluding any Permitted Leakage

**"Leakage Side Letter"**: the letter from the Purchaser to the Sellers entitled "Permitted Leakage and other matters" dated on or around the date hereof in the agreed form

**"Locked Box Accounts"**: the consolidated financial statements of the Group for the accounting period ending on the Locked Box Date in the agreed form

**"Locked Box Date"**: 30 September 2016

**"Locked Box Period"**: the period commencing on (and including) the day immediately after the Locked Box Date and ending on the Completion Date

**"Management Sellers' Representative"**: Andrew Morris having been appointed under or in accordance with clause 26 (Appointment of Management Sellers' Representative)

**"Management Warrantors"**: Andrew Morris, Adam Sage, Jeff Stanford, Martin Hinchliffe and Stephen Savage

**"Options"**: the options granted to certain of the Management Sellers, details of which are set out at Schedule 6 (Details of the Options)

**"Option Shares"**: the C Ordinary Shares to be issued to certain of the Management Sellers immediately prior to Completion pursuant to the Options as set out in column (2A) of Schedule 1

**"Option Withholding Amount"** the amount set opposite certain of the Management Sellers' names in column (6) of Part B to Schedule 1 (Details of the Sellers), being the actual or estimated aggregate liability of the Company or any member of the Group to account via the PAYE system to a Tax Authority for any income

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tax or national insurance contributions (excluding secondary Class 1 national insurance contributions) which arise by reason of the exercise of the Options and resulting acquisition of C Ordinary Shares on or before Completion

**“parent undertaking”**: a parent undertaking within the meaning of section 1162 of Companies Act 2006 but in addition as if that section provided that an undertaking is deemed to be a member of another undertaking where its rights in relation to that other undertaking are held by way of security by another person but treated for the purposes of that section as held by it

**“Parties”**: the Purchaser and the Sellers (and **“Party”** shall be construed accordingly)

**“Parties’ Consent”**: both Seller Consent and the written consent of the Purchaser (and **“Party’s Consent”** shall be construed accordingly)

**“Permitted Leakage”**: the items specified in the Permitted Leakage Schedule

**“Permitted Leakage Schedule”**: the schedule of Permitted Leakage payments set out in Schedule 5 (Permitted Leakage)

**“Proceedings”**: any proceeding, suit or action (including arbitration or any hearing before any tribunal or official body)

**“Purchaser”**: the Party identified above as the purchaser of the Shares

**“Purchaser’s Group”**: the Purchaser and its Affiliates from time to time and which, from Completion, shall include the Group

**“Purchaser’s Solicitors”**: CMHT Solicitors of 41 Anchor Road, Aldridge, Walsall, West Midlands WS9 8PT (Ref: JS/BHFS)

**“Purchaser’s Warranty Claim Estimate”**: has the meaning set out in clause 9.12.2(a) of this Agreement

**“Relevant Proportions”**: the proportions set opposite their respective names in column (3) of Schedule 1 (Details of the Sellers)

**“Restricted Business”**: means the operation and management of business relating to day nurseries, nursing care for babies, nanny services and ancillary childcare services operated by the Group

**“Seller Consent”**: the written consent of Kaupthing and the Management Sellers’ Representative

**“Sellers”**: Kaupthing and the Management Sellers

**“Sellers’ Solicitors”** : CMS Cameron McKenna LLP of Cannon Place, 78 Cannon Street, London EC4N 6AF (Ref: 134320.00003)

**“Sellers’ Solicitors’ Account”**: the account details provided to the Purchaser’s Solicitors by the Sellers’ Solicitors

**“Service Companies”**: means each of Kaldi SLF and Sorensen SLF, being the service providers under the Consultancy Contracts

**“Shares”**: the A Ordinary Shares, the B Ordinary Shares, the C Ordinary Shares, the D Ordinary Shares, the E Ordinary Shares and the F Ordinary Shares

**“Subsidiaries”**: is as defined in the Warranty Deed

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“**subsidiary**”: a subsidiary within the meaning of section 1159 Companies Act 2006 but in addition as if that section provided that its members are deemed to include any other body corporate whose rights in relation to it are held on behalf of that other body corporate or by way of security by another person but are treated for the purposes of that section as held by that other body corporate

“**subsidiary undertaking**”: a subsidiary undertaking within the meaning of section 1162 Companies Act 2006 but in addition as if that section provided that its members are deemed to include any other undertaking whose rights in relation to it are held by way of security by another person but are treated for the purposes of that section as held by that other undertaking

“**Sum Recovered**”: is as defined in Clause 8.6 (Limitations of Sellers’ Liability)

“**Termination Letters**”: the letters terminating the consultancy arrangements between the relevant Group Company and each of the Service Companies and Lauberhorn Consulting Limited in the agreed form

“**Taxation**” or “**Tax**”: is as defined in the Warranty Deed

“**Tax Authority**”: is as defined in the Warranty Deed

“**Tax Escrow Accounts**” means the WHT Escrow Account, the Group Relief Escrow Account and the Consultancy Escrow Account

“**Transaction Documents**”: this Agreement, the Warranty Deed and the other documents in the agreed form or to be entered into or delivered pursuant to any of the foregoing

“**Warranties**”: the warranties set out in clause 7 (Warranties)

“**Warranty Claim**”: has the meaning set out in the Warranty Deed

“**Warranty Deed**”: the warranty deed to be entered into by the Management Warrantors and the Purchaser simultaneously with this Agreement

“**Warranty Escrow Account**”: the interest-bearing account named the ‘Project Hekla Warranty Escrow Account’ to be opened by the Escrow Agent and to be operated in accordance with this Agreement and the relevant Escrow Account Letter

“**Warranty Escrow Amount**”: is as defined in Clause 3.1.5 (Consideration)

“**Warranty Escrow Release Date**”: means the date which is the first anniversary of the Completion Date

“**WHT Claim**”: a claim, assessment, notice, demand or other document issued or action taken by and on behalf of a HMRC from which it appears that the Company (or relevant Group Company) may be liable or is sought to be made liable to make a payment to HMRC for the non-payment of withholding tax in respect of interest payments made by the Company under the Finance Documents between October 2012 and December 2013

“**WHT Escrow Account**”: the interest-bearing account named the ‘Project Hekla WHT Escrow Account’ to be opened by the Escrow Agent and to be operated in accordance with this agreement and the relevant Escrow Account Letter

“**WHT Escrow Amount**”: is as defined in Clause 3.1.3 (Consideration)

“**WHT Escrow Balance**”: means the amount standing to the credit of the WHT Escrow Account from time to time

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**“WHT Escrow Release Date”**: means (a) where a WHT Claim has not arisen, 1 January 2020; or (b) where a WHT Claim has arisen prior 1 January 2020, 10 Business Days following the date on which the WHT Claim has been Finally Determined

**“WHT Liability”**: means any amount which it has been Finally Determined the Company is legally obliged to pay to HMRC in connection with a WHT Claim.

***Interpretation***

1.2 In interpreting this Agreement:

- 1.2.1 reference to any document as being “in the agreed form” shall mean that it is in the form agreed between Kaupthing, the Management Sellers’ Representative and the Purchaser and signed for the purposes of identification by or on behalf of the foregoing, and as listed in Schedule 4 (List of documents in the agreed form);
  - 1.2.2 the table of contents and headings and sub-headings are for convenience only and shall not affect the interpretation of this Agreement;
  - 1.2.3 unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and references to any gender shall include all other genders. References to any person shall include natural persons, bodies corporate, unincorporated associations, partnerships, governments, governmental agencies and departments, statutory bodies or other entities, in each case whether or not having a separate legal personality, and shall include such person’s successors;
  - 1.2.4 the words “other”, “include” and “including” shall not connote limitation in any way;
  - 1.2.5 references to Recitals, Schedules, clauses and sub-clauses are to (respectively) recitals to, schedules to, and clauses and sub-clauses of, this Agreement (unless otherwise specified) and references within a Schedule to paragraphs are to paragraphs of that Schedule (unless otherwise specified);
  - 1.2.6 any statute or statutory provision shall be deemed to include any instrument, order, regulation or direction made or issued under it and shall be construed so as to include a reference to the same as it may have been amended, modified, consolidated or re-enacted except to the extent that any amendment or modification made after today’s date would increase any liability or impose any additional obligation on the relevant party under this Agreement;
  - 1.2.7 except to the extent the Agreement provides otherwise, terms defined in the Companies Act 2006 as in force at the date of this Agreement shall be read as if defined in that way in this Agreement, but where any such definition uses terms defined in that act whose meaning has been extended or modified in this Agreement it shall be read as if those terms were defined as they are in this Agreement;
  - 1.2.8 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, organisation, body, official or any legal concept, state of affairs or thing shall in respect of any jurisdiction other than England be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
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- 1.2.9 any reference to “writing” or “written” shall include any legible reproduction of words delivered in permanent and tangible form including e-mail; and
- 1.2.10 references to times of the day are (unless otherwise expressly provided) to London time and references to a day are to a period of 24 hours running from midnight on the previous day.

## 2. SALE AND PURCHASE

### *Obligation to Sell and Purchase*

- 2.1 Subject to the terms of this Agreement, each Seller shall sell to the Purchaser the number of Shares as is set opposite that Seller’s name in columns (2) and (2A) of Part A or Part B (as applicable) of Schedule 1 (Details of the Sellers) with effect from Completion free from all Encumbrances with effect from and including Completion (together with all rights attaching to them at Completion) and the Purchaser shall purchase the Shares at Completion accordingly.

### *Dividends and Distributions*

- 2.2 The Purchaser shall be entitled to receive all dividends and distributions (whether of income or capital) declared, paid or made by the Company in respect of the Shares on or after Completion.

### *Sale of all Shares*

- 2.3 The Purchaser shall not be obliged or (unless otherwise agreed by Seller Consent) entitled to complete the purchase of any of the Shares unless the purchase of all of the Shares is completed simultaneously.

### *Waivers of Pre-Emption*

- 2.4 With effect from Completion, each of the Sellers waives all rights of pre-emption or similar rights over any of the Shares conferred on it or him by the articles of association of the Company or in any other way.

### *Guarantee*

- 2.5 In consideration of the Sellers agreeing to sell the Shares to the Purchaser on the terms of this Agreement, the Guarantor hereby unconditionally and irrevocably guarantees to the Sellers as primary obligor the due and punctual performance by the Purchaser of:
- 2.5.1 the Purchaser's obligations to make any payments in respect of the Consideration as set out in clause 3.1 (Consideration); and
- 2.5.2 the Purchaser's obligations to make any payments pursuant to or in respect of the Assignment Agreement and the Agency Resignation and Appointment Deed, (together, the “**Guaranteed Obligations**”).
- 2.6 The Guarantor agrees and undertakes to indemnify and hold each of the Sellers harmless against all losses, damages, costs and expenses which may be suffered or incurred by any of the Sellers by reason of any default on the part of the Purchaser in the performance of the Guaranteed Obligations and shall pay and make good to the Sellers the amount of such losses, damages, costs and expenses on demand.
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- 2.7 The guarantee and undertakings contained in this clause 2 shall be discharged by the full performance by the Guarantor of its obligations under this Agreement, but otherwise shall not be discharged or affected by any act, omission, matter or thing which, but for this provision, might operate to release or otherwise exonerate the Guarantor from those obligations in whole or in part including:
- 2.7.1 the granting of time, or any waiver or other indulgence (including any extension, renewal, acceptance, forbearance or release in respect of the Guaranteed Obligations);
  - 2.7.2 the taking, variation, compromise, renewal or release of or refusal or neglect to perform or enforce any rights, remedies or securities against the Purchaser or any other person;
  - 2.7.3 any modification, variation, extension, supplementation, replacement or novation of the terms of any of the Guaranteed Obligations or of any other document or security;
  - 2.7.4 any irregularity, defect, or invalidity in the terms, or unenforceability, of the Guaranteed Obligations or any other document or security or any legal limitation, disability, incapacity, want of authority or death of any person;
  - 2.7.5 any transfer or assignment of any rights or obligations by any Party, whether or not they relate to the Guaranteed Obligations;
  - 2.7.6 any corporate reorganisation, reconstruction, amalgamation, dissolution, liquidation, merger, acquisition of or by or other alteration in the corporate existence or structure of any Party, or the non-existence of the Purchaser; or
  - 2.7.7 any composition or similar arrangement by any Party or any other person.
- 2.8 The guarantee in clauses 2.5 or 2.6 is to be a continuing guarantee and accordingly is to remain in force until final performance in full of the Guaranteed Obligations regardless of any intermediate payment or performance, the legality, validity or enforceability of any provisions of this Agreement and notwithstanding the winding-up, liquidation, dissolution or other incapacity of the Purchaser or any change in the status, control or ownership of the Purchaser. The guarantee is in addition to, without limiting and not in substitution for, any rights or security which the Sellers may now or after the date of this Agreement have or hold for the performance of the Guaranteed Obligations.
- 2.9 Where any discharge (whether in respect of the Guaranteed Obligations or any security for the Guaranteed Obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored for any reason, the liability of the Guarantor under this Agreement shall continue as if the discharge or arrangement had not been made.
- 2.10 The Guarantor shall not take any action which has the effect of avoiding the guarantee, or materially prejudicing the value of the guarantee, set out in, or any liability that would otherwise arise pursuant to clauses 2.5 or 2.6.
- 2.11 If the Purchaser defaults in payment or performance of the Guaranteed Obligation when due, the Guarantor shall upon first demand by the Sellers pay to the Sellers' Solicitors Account, or such other account as the Sellers may notify to the Purchaser in writing, an amount equal to any amount so unpaid, and such payment shall constitute good discharge by the Purchaser for the relevant amount.
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- 2.12 The Sellers may enforce the guarantee contained in this clause 2 directly against the Guarantor.
- 2.13 A demand shall be sufficiently served on the Guarantor if made to it in accordance with clause 28 (*Notices*).

### 3. CONSIDERATION

#### *Consideration*

- 3.1 The consideration payable by the Purchaser for the Shares shall be £98,710,290.55 (ninety eight million seven hundred and ten thousand two hundred and ninety pounds and fifty pence) (the “Consideration”) which shall be satisfied at Completion by:
- 3.1.1 £88,660,290.55 (eighty eight million six hundred and sixty thousand two hundred and ninety pounds and fifty five pence), payable on Completion in accordance with clause 6.3 (Payments at Completion) (the “Cash Consideration”);
- 3.1.2 £7,800,000 (seven million eight hundred thousand), payable on Completion in accordance with clause 6.3 (Payments at Completion) (the “Group Relief Escrow Amount”) and thereafter dealt with in accordance with clause 9 (Escrow Accounts);
- 3.1.3 £700,000 (seven hundred thousand), payable on Completion in accordance with clause 6.3 (Payments at Completion) (the “WHT Escrow Amount”) and thereafter dealt with in accordance with clause 9 (Escrow Accounts);
- 3.1.4 £650,000 (six hundred and fifty thousand), payable on Completion in accordance with clause 6.3 (Payments at Completion) (the “Consultancy Escrow Amount”) and thereafter dealt with in accordance with clause 9 (Escrow Accounts); and
- 3.1.5 £900,000 (nine hundred thousand), payable on Completion in accordance with clause 6.3 (Payments at Completion) (the “Warranty Escrow Amount”) and thereafter dealt with in accordance with clause 9 (Escrow Accounts).
- 3.2 The Consideration shall be allocated between the Sellers in their Relevant Proportions.
- 3.3 Each of those Management Sellers who hold Options hereby directs the Purchaser to retain out of the Consideration payable to him at Completion an amount equal to the Option Withholding Amount set opposite his name in column (6) of Part B of Schedule 1 (Details of the Sellers) and the Purchaser shall procure that the relevant Group Company shall account for such amount to the relevant Tax Authority within the applicable time limits for the payment of such amounts.

#### *Reduction in Consideration and set off*

- 3.4 Any payment made by the Sellers in respect of a breach of any of the Warranties or any other payment made by them pursuant to this Agreement or the Warranty Deed, shall be deemed to reduce the price paid for the Shares under this Agreement by a matching amount, applying that reduction first against amounts paid for the Shares sold.
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**4. LOCKED BOX**

- 4.1 Each Seller (in respect of itself only and not in respect of any other Seller) severally covenants to pay to the Purchaser (or any member of the Group as the Purchaser directs) an amount in cash equal to any Leakage received by it or him (or any Connected Person of such Seller) within 15 Business Days of receipt of a valid written notice from the Purchaser in accordance with clause 4.2.
- 4.2 Except in the case of fraud, no Seller shall be liable under clause 4.1 unless written notice of such Leakage has been notified to that Seller (specifying the precise nature of the Leakage and the amount due from him) on or before the date which is six (6) months after the Completion Date setting out reasonable details of the Leakage (including the matter or thing giving rise to the relevant Leakage, together with the amount repayable by the relevant Seller(s)).
- 4.3 The maximum aggregate liability of each Seller under this clause 4 (Locked Box) shall not in any circumstances exceed the amount of Leakage actually received by that Seller or Connected Person of such Seller and the Purchaser shall have no other remedy for any Leakage other than as set out in this clause 4 (Locked Box).

**5. SIGNING AND INTERIM PERIOD**

- 5.1 At (or prior to) signing, each of the Purchaser and Kaupthing shall cause a board meeting, or a meeting of a duly authorised committee of their respective boards to be held at which the Agreement, the transactions contemplated by the Agreement and all documents referred to in it to be entered into by them are approved and shall present the minutes of such meetings duly executed by the chairman thereof.
- 5.2 At (or prior to) signing, each of the Management Sellers shall provide an original or “certified” copy of any power of attorney under which any such Seller is executing the Agreement or any other documents to be executed hereunder.
- 5.3 In the period between the signing of this Agreement and Completion the Sellers shall procure (exercising only those powers available to them in their respective capacities) that, save as may be required by law or otherwise as envisaged by the matters set out in this Agreement (or any agreed form document hereunder), the business of the Group is run in the normal and ordinary course of its business as carried on at the date of this Agreement so as to maintain the goodwill and assets of the Group.

**6. COMPLETION**

*Date and Place*

- 6.1 Completion shall take place at 10am on the Completion Date at the offices of the Sellers’ Solicitors (or such other time or location as the Parties may agree).
- 6.2 At Completion, the Sellers shall perform their respective obligations and deliver to the Purchaser each of the documents as set out in paragraph 1 of Schedule 3 (Sellers’ Completion obligations) and the Purchaser shall (subject to the Sellers having complied in all material respects with their obligations under Paragraph 1 of
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Schedule 3 (Sellers' Completion Obligations)) perform its obligations and deliver to the relevant Sellers each of the documents as set out in paragraph 2 of Schedule 3 (Purchaser's Completion obligations).

***Payments at Completion***

- 6.3 At Completion the Purchaser shall:
- 6.3.1 pay the Cash Consideration (less the Option Withholding Amount) to the Sellers in cash by transfer of such funds for same day value to Sellers' Solicitors' Account;
  - 6.3.2 pay the Group Relief Escrow Amount in cash by transfer of such funds for same day value to the Sellers' Solicitors Account;
  - 6.3.3 pay the WHT Escrow Amount in cash by transfer of such funds for same day value to Sellers' Solicitors Account;
  - 6.3.4 pay the Consultancy Escrow Amount in cash by transfer of such funds for same day value to Sellers' Solicitors Account;
  - 6.3.5 pay the Warranty Escrow Amount in cash by transfer of such funds for same day value to Sellers' Solicitors Account; and
  - 6.3.6 procure that the Option Withholding Amount is accounted to the relevant Group Company and shall further procure that such Group Company shall account to the relevant Tax Authority for the same within the applicable time limits.
- 6.4 In the event that, at Completion, either the Escrow Accounts have not yet been established by the Escrow Agent or the cut-off for same day remittance from the Sellers' Solicitors Account has passed, the parties each agree that:
- 6.4.1 the aggregate amount payable into the Escrow Accounts pursuant to clause 6.3 above, shall instead be held by the Sellers' Solicitors in accordance with the terms of relevant Escrow Account Letters; and
  - 6.4.2 as soon as is reasonably practicable following the Completion or, if later, the establishment of the relevant Escrow Account by the Escrow Agent, the Sellers' Solicitors are hereby authorised to instruct for the transfer of each of the relevant Escrow Amounts to the relevant Escrow Account, such account to be operated in accordance with the terms of this Agreement, most notably clause 9 (Escrow Accounts) and the terms of the Escrow Account Letters in the agreed form.

***Pending Registration***

- 6.5 Each Seller hereby declares that until whichever is the earlier of : (i) the date that is three (3) months from the date of Completion; and (ii) the date on which the Purchaser is entered in the register of members of the Company as the holder of the Shares, he or it shall:
- 6.5.1 hold those Shares and the dividends and other distributions of profits or surplus or other assets declared, paid or made in respect of them after Completion and all rights arising out of or in connection with them on trust for the Purchaser and its successors in title; and
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- 6.5.2 deal with and dispose of those Shares and all such dividends, distributions and rights as the Purchaser or any such successor may reasonably direct.
- 6.5.3 Nothing in clause 6.5 shall require any Party to take an action (or require it to omit to take any action) that would breach any Applicable Laws.

***Effect of Completion***

6.6 Notwithstanding Completion:

- 6.6.1 each provision of this Agreement and each Transaction Document not performed at or before Completion but which remains capable of performance;
- 6.6.2 the Warranties; and
- 6.6.3 clauses 2.5 to 2.13 (Guarantee); and
- 6.6.4 all covenants and other undertakings contained in or entered into pursuant to this Agreement (other than obligations that have already been fully performed),

will remain in full force and effect.

**7. WARRANTIES**

***Title and Capacity Warranties***

- 7.1 Subject to clause 8, each Seller severally warrants to the Purchaser in respect of himself or itself and his or its Shares only, that as at the date of this Agreement:
    - 7.1.1 such Seller has full power and authority and has obtained all necessary consents to enter into and perform the obligations expressed to be assumed by him or it under this Agreement (and any other agreement required to be entered into by it or him in connection with this Agreement);
    - 7.1.2 the obligations in this Agreement (and any other agreement required to be entered into by it or him in connection with this Agreement) are legal, valid and binding on such Seller in accordance with their terms;
    - 7.1.3 the number of Shares set out opposite his or its name in column (2) of Schedule 1 (Details of Sellers) are legally and beneficially owned by it or him free from all Encumbrances and are fully paid;
    - 7.1.4 in the case of Adam Sage and Andy Morris, the Option Shares set out opposite his name in column (2A) of Schedule 1 (Details of Sellers) will, at Completion, be legally and beneficially owned by him free from all Encumbrances and will be fully paid at Completion;
    - 7.1.5 no such Seller is required to give any notice to, make any filing with, or obtain any permit, consent, waiver or other authorisation from any governmental or regulatory authority in connection with the execution, delivery and performance of the Transaction Documents;
    - 7.1.6 in the case of each Management Seller, no order has been made, petition presented or resolution passed for an Individual Voluntary Arrangement or a bankruptcy order under the Insolvency Act 1986 or a request for an administration order under the County Courts Act 1984, no arrangement or composition with any of his creditors has been made or, so far as the Management Seller is aware,
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has been proposed and no Management Seller has suffered any distress, execution, attachment or other process affecting any of his assets;

7.1.7 in the case of Kaupthing there is no order, petition or resolution for its winding up and no administrator nor any receiver or manager is appointed by any person in respect of it or all or any of its assets and, so far as the Seller is aware, no steps are being taken to initiate any such appointment and no voluntary arrangement is proposed; and

7.1.8 the execution, delivery and performance by each Seller of this Agreement and each such other agreement and arrangement referred to herein will not:

- (a) result in a breach of, or constitute a default under, any agreement or arrangement to which it or him is a party or by which it or he is bound; or
- (b) result in a breach of any law or order, judgment or decree of any court, governmental agency or regulatory body to which it or he is a party or by which it or he is bound.

***Purchaser's Warranties***

7.2 The Purchaser warrants to each of the Sellers that at the date of this Agreement:

7.2.1 it is a company validly existing under the laws of England and Wales;

7.2.2 it has full power and authority and has obtained all necessary consents to enter into and perform the obligations expressed to be assumed by him or it under this Agreement and the Warranty Deed, as applicable (and any other agreement required to be entered into by it in connection with this Agreement or the Warranty Deed);

7.2.3 that the obligations expressed to be assumed by it hereunder are legal, valid and binding on it in accordance with their terms;

7.2.4 (save in respect of the filing of certain of the Transaction Documents with the U.S. Securities and Exchange Commission as required by law and as agreed with the Sellers prior to Completion) it is not required to give any notice to, make any filing with, or obtain any permit, consent, waiver or other authorisation from any governmental or regulatory authority in connection with the execution, delivery and performance of the Transaction Documents;

7.2.5 no order has been made, petition presented or resolution passed for its winding up and no administrator nor any receiver or manager has been appointed by any person in respect of it or all or any of its assets and, so far as the Purchaser is aware, no steps have been taken to initiate any such appointment and no voluntary arrangement has been proposed; and

7.2.6 the execution, delivery and performance by it of this Agreement and each such other agreement and arrangement referred to herein will not:

- a. result in a breach of, or constitute a default under, any agreement or arrangement to which it is a party or by which it is bound; or
  - b. result in a breach of any law or order, judgment or decree of any court, governmental agency or regulatory body to which it is a party or by which it is bound.
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## 8. LIMITATION OF SELLERS' LIABILITY

Each Warranty is given subject to the following limitations:

### *Maximum Claims*

- 8.1 The total aggregate liability of each Seller for all claims under this Agreement (including the Warranties, but excluding clause 4 (Locked Box) for this purpose, and, in the case of each of the Management Sellers when aggregated with any liability he may have under the Warranty Deed (where such liability is limited in accordance with the terms of the Warranty Deed)), shall not, in any circumstances, exceed the amount of the Consideration received by that Seller.

### *Time Limits*

- 8.2 The liability of Kaupthing (only) in respect of any claim under the Warranties set out in clause 7.1 shall cease on the first anniversary of the Completion Date, except in respect of any matters which before that period expires have been the subject of a written claim made by or on behalf of the Purchaser to Kaupthing giving reasonable details of all material aspects of the claim.

### *Single Recovery*

- 8.3 If the same fact, event or circumstance gives rise to more than one claim for breach of any Warranties or any other provision of this Agreement or otherwise, the Purchaser shall not be entitled to recover more than once in respect of such fact, matter or circumstance.

### *Remedies*

- 8.4 Save to the extent otherwise expressly stated in this Agreement or in respect of clause 11 (Protection of goodwill), the Purchaser acknowledges and irrevocably agrees with each Seller that the sole remedy against the Sellers for any breach of any of the Warranties or any other breach of this Agreement by the Sellers shall be an action for damages for breach of contract, and the Purchaser hereby irrevocably waives all other rights, remedies and powers. Save in the event of fraud, no right of rescission shall be available after the date of this Agreement to the Purchaser by reason of any breach of the Warranties or any other provision of this Agreement.

### *Mitigation*

- 8.5 Nothing in this Schedule or this Agreement shall in any way restrict or limit the general obligation of the Purchaser to mitigate any loss or damage which it may suffer in consequence of any breach by the Sellers of the terms of this Agreement or in consequence of any matter giving rise to a claim against the Sellers under this Agreement.
- 8.6 No Seller shall be liable in respect of a claim under this Agreement to the extent that the Purchaser and/or any Group Company has recovered or received (whether by payment, discount, credit, relief, rebate or otherwise) from some other person (including any Tax Authority but excluding the Seller or any of its
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Connected Persons) an amount or benefit in respect of the alleged loss or damages which could give rise to a claim under this Agreement, and the relevant Seller(s) shall have no liability in respect of such claim to the extent of the Sum Recovered. For the purposes of this clause "Sum Recovered" means an amount equal to the amount recovered or received from the third party (and for this purpose, in addition to any cash payment, any payment in kind or discount, credit, relief, rebate or benefit of a similar nature obtained shall constitute an amount recovered) less all reasonable costs, charges and expenses incurred by the Purchaser or any Group Company (as the case may be) in recovering the amount or benefit from the third party.

## 9. ESCROW ACCOUNTS

### *Beneficial Ownership*

9.1 Notwithstanding any provision of the Escrow Account Letters and subject to the provisions of this clause 9, the beneficial ownership of the monies standing to the credit of:

9.1.1 the Tax Escrow Accounts shall be vested in the Sellers in their Relevant Proportions; and

9.1.2 the Warranty Escrow Accounts shall be vested in the Management Warrantors in the proportions set out against their names in column (3) of Schedule 1 of the Warranty Deed,

and, any release or payment from any Escrow Accounts to the Sellers or the Management Warrantors (in such capacities) shall be made in the above proportions.

### *The WHT Escrow Account*

9.2 Subject to clause 9.4 below, the Sellers and the Purchaser shall procure that on the WHT Escrow Release Date:

9.2.1 an amount equal to the WHT Escrow Balance LESS any WHT Liability (if any) shall be released to the Sellers; and

9.2.2 an amount equal to the lesser of the WHT Liability and the WHT Escrow Amount shall be released to the Purchaser.

9.3 A release notice delivered by one of the Sellers to the Escrow Agent in accordance with the terms of the relevant Escrow Letter shall be deemed to have been delivered on behalf of each of the Sellers.

9.4 In the event that a WHT Claim has arisen prior to 1 January 2020 and:

9.4.1 a WHT Liability has been Finally Determined as existing in respect of some (but not all) of the payments to which the WHT Claim relates; and

9.4.2 some of the payments to which the WHT Claim relates have not yet been Finally Determined as having or having not given rise to a WHT Liability,

then, the amount of such WHT Liability as has been Finally Determined as due and payable shall be released to the Purchaser and the balance of the WHT Escrow Balance shall remain in the WHT Escrow Account pending the WHT Claim being Finally Determined and shall, when Finally Determined, be dealt with in accordance with clause 9.2

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***The Group Relief Escrow Account***

- 9.5 The Sellers and the Purchaser shall procure that on the Group Relief Escrow Release Date:
- 9.5.1 an amount equal to the Group Relief Escrow Balance LESS any Group Relief Liability (if any) shall be released to the Sellers; and
- 9.5.2 an amount equal to the lesser of the Group Relief Escrow Balance and the Group Relief Liability (if any) shall be released to the Purchaser.
- 9.6 A release notice delivered to the Escrow Agent in accordance with the terms of the relevant Escrow Letter shall be deemed to have been delivered on behalf of each of the Parties.

***Consultancy Escrow Account***

- 9.7 The Sellers and the Purchaser shall procure that on the Consultancy Escrow Release Date:
- 9.7.1 an amount equal to the Consultancy Escrow Balance LESS any Consultancy Liability (if any) shall be released to the Sellers; and
- 9.7.2 an amount equal to the lesser of the Consultancy Escrow Balance and the Consultancy Liability (if any) shall be released to the Purchaser.
- 9.8 A release notice delivered to the Escrow Agent in accordance with the terms of the relevant Escrow Letter shall be deemed to have been delivered on behalf of each of the Parties.

***The Warranty Escrow Account***

- 9.9 The Parties agree that the sum standing to the credit of the Warranty Escrow Account shall be applied towards discharging, to the maximum extent possible, any Warranty Claim.
- 9.10 Save as otherwise provided in clauses 9.11 and 9.12 below, the Management Warrantors and the Purchaser shall procure that on the Warranty Escrow Release Date, the balance standing to the credit of the Warranty Escrow Account shall be released to the Management Warrantors.
- 9.11 In circumstances where any Warranty Claim by the Purchaser against the Management Warrantors or any of them has been Finally Determined:
- 9.11.1 (in so far as the amount of such settled claim including any related costs or expenses payable under the Warranty Deed in connection therewith (the "Finally Determined Warranty Claim Amount") is equal to or less than the amount then standing to the credit of the Warranty Escrow Account) the Management Warrantors and the Purchaser shall procure that such Finally Determined Warranty Claim Amount is released from the Warranty Escrow Account to the Purchaser within 5 Business Days of the claim being Finally Determined; or
- 9.11.2 (in so far as the Finally Determined Warranty Claim Amount is greater than the amount then standing to the credit of the Warranty Escrow Account) the Management Warrantors and the Purchaser shall procure that the entire amount standing to the credit of the Warranty Escrow Account (including, for the avoidance of doubt, the interest accrued thereon) is released from the Warranty Escrow Account to the Purchaser within 5 Business Days of the claim being Finally Determined.
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- 9.12 In the event that, prior to the Warranty Escrow Release Date, the Purchaser has given written notice in accordance with the Warranty Deed of any Warranty Claim, the following provisions shall apply:
- 9.12.1 to the extent that any such claim has been Finally Determined but the Finally Determined Warranty Claim Amount has not been paid to the Purchaser prior to the Warranty Escrow Release Date:
- a. in so far as the Finally Determined Warranty Claim Amount of such claim is greater than the Warranty Escrow Amount, the full amount of the Warranty Escrow Amount shall be released to the Purchaser in accordance with the terms of the relevant Escrow Account Letter; and
  - b. in so far as the Finally Determined Warranty Claim Amount of such claim is equal to or less than the Warranty Escrow Amount, that portion of the Warranty Escrow Amount which is equal to the Finally Determined Warranty Claim Amount shall be released to the Purchaser in accordance with the terms of the relevant Escrow Account Letter,
- 9.12.2 to the extent that any such claim has not been Finally Determined prior to the relevant Warranty Escrow Release Date then, provided that the condition referred to in clause 9.14 below is satisfied, the Management Warrantors agree that:
- a. in so far as the amount of the Purchaser's reasonable estimate of the quantum of damages which it would be reasonable to award in respect of such claim (the "**Purchaser's Warranty Claim Estimate**") is greater than the Warranty Escrow Amount, the full amount of the Warranty Escrow Amount shall be retained in the Warranty Escrow Account;
  - b. in so far as the amount of the Purchaser's Warranty Claim Estimate is equal to or less than the Warranty Escrow Amount, that portion of the Warranty Escrow Amount which is equal to the Purchaser's Warranty Claim Estimate shall be retained in the Warranty Escrow Account;
  - c. when part or all claims that comprise the Purchaser's Warranty Claim Estimate have been Finally Determined then the provisions of clauses 9.11 and 9.12, as applicable, shall apply to the amount retained in the Warranty Escrow, pursuant to clauses 9.12.2 (a) and (b).
- 9.13 A release notice delivered by the Management Sellers' Representative to the Escrow Agent in accordance with the terms of the Escrow Letter shall be deemed to have been delivered on behalf of each of the Management Warrantors.
- 9.14 The condition referred to in clause 9.12.2 above, is that the Purchaser has obtained and delivered to the Management Warrantors, prior to the relevant Warranty Escrow Release Date on which the Purchaser wishes to procure the withholding of any Payment Amount, a written opinion from a barrister with appropriate expertise and at least ten years' standing appointed by agreement between the Management Warrantors and the Purchaser or, failing such agreement within 10 Business Days of a nomination being put forward by either the Management Warrantors or the Purchaser, nominated by the Chairman of the Bar Council from time to time following an application made by either the Purchaser or the Management Warrantors, that (i) the Purchaser has a reasonable prospect of success in the relevant Warranty Claim; and (ii) the Purchaser's
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Warranty Claim Estimate is a reasonable estimate of the quantum of damages (including its costs) which would be awarded to the Purchaser in respect of such Warranty Claim (if successful).

- 9.15 For the avoidance of doubt the liability of the Management Warrantors in respect of any Warranty Claim shall not be limited by the amount standing to the credit of the Warranty Escrow Account.

***General***

- 9.16 Any net interest earned on the capital sum standing to the credit of the Escrow Accounts from time to time shall be deemed to be added to and form part of the relevant Escrow Amounts held therein and shall then be dealt with in the same way as the Group Relief Escrow Amount, the WHT Escrow Amount, the Consultancy Escrow Account or the Warranty Escrow Account as the case may be.

- 9.17 Notwithstanding the terms of the relevant Escrow Account Letter, the fees charged by the Escrow Agent for the set-up and maintenance of the Tax Escrow Accounts shall be borne by the Purchaser in full and, for the avoidance of doubt and despite any terms to the contrary in the Escrow Account Letters, the Sellers shall not otherwise be liable for any on-going fees or costs of the Escrow Accounts. To the extent any such fees or costs are deducted from a relevant Escrow Account which impacts upon the Escrow Amount due and payable to the Sellers in accordance with this clause 9 (if any), the Purchaser shall be required to indemnify the Sellers in full for such fees and/or costs accordingly.

- 9.18 Notwithstanding the terms of the relevant Escrow Account Letter, the fees charged by the Escrow Agent for the set-up and maintenance of the Warranty Escrow Account shall be borne by the Purchaser in full and, for the avoidance of doubt and despite any terms to the contrary in the Escrow Account Letters, the Management Warrantors shall not otherwise be liable for any on-going fees or costs of the Escrow Accounts. To the extent any such fees or costs are deducted from the Warranty Escrow Account which impacts upon the Warranty Escrow Amount due and payable to the Management Warrantors in accordance with this clause 9 (if any), the Purchaser shall be required to indemnify the Management Warrantors in full for such fees and/or costs accordingly

- 9.19 For the avoidance of doubt, any amounts payable to or in respect of the maintenance or closure of the Escrow Account shall be for the account of the Purchaser.

- 9.20 Payments to be made out of the Escrow Accounts:

9.20.1 to the Warrantors shall be made by electronic transfer to the Sellers' Solicitors Account and the Sellers' Solicitors' receipt shall be a sufficient discharge for any such sum and the Purchaser shall not be concerned to see to the application thereof;

9.20.2 to the Sellers shall be made by electronic transfer to the client account of the Sellers' Solicitors and the Sellers' Solicitors' receipt shall be a sufficient discharge for any such sum and the Purchaser shall not be concerned to see to the application thereof; and

9.20.3 to the Purchaser shall be made by electronic transfer to the client account of the Purchaser's Solicitors and the Purchaser's Solicitors' receipt shall be a sufficient discharge for any such sum, or such other account as advised by the Purchaser.

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## 10. CONDUCT OF MATTERS COVERED BY THE ESCROW ACCOUNTS

### *WHT Claim*

- 10.1 If the Company or the Purchaser receives or becomes aware of a WHT Claim which it reasonably considers may result in a payment being made from the WHT Escrow Account pursuant to clause 8 above:
- 10.1.1 the Purchaser shall, as soon as reasonably practicable (in any event within 10 Business Days) of receiving or becoming aware of the WHT Claim, give notice of the WHT Claim to Kaupthing and the Management Sellers' Representative, such notice to include all reasonably available details of such WHT Claim, including so far as practicable the due date for any payment, the time limits for any appeal and the amount of such claim; and
- 10.1.2 subject to clause 10.5, the Purchaser shall, and shall ensure that the Company will, take any action Kaupthing may reasonably request to avoid, dispute, resist or compromise the WHT Claim.

### *Consultancy Disclosure*

- 10.2 Kaupthing shall procure that the Consultancy Disclosure is prepared as soon as reasonably practicable after Completion and shall deliver it and any related documentation to the Group for submission by the Group to HMRC.
- 10.3 The Purchaser shall procure that the Group shall submit the Consultancy Disclosure to HMRC in the form delivered to it pursuant to clause 10.2 (or with such amendments as the Purchaser requires (acting reasonably) and as agreed by Kaupthing (acting reasonably) in relation to such amendments).
- 10.4 The Purchaser shall not, and shall procure that no Group Company shall, submit any other unsolicited correspondence to HMRC in relation to the matters contained in the Consultancy Disclosure other than in accordance with this clause 10.3.

### *General*

- 10.5 Kaupthing shall have conduct at its own expense of the Group Relief Claim, any WHT Claim and any Consultancy Claim upon the following terms or such other terms which the Purchaser and Kaupthing may specifically agree in writing:
- 10.5.1 Kaupthing shall deal with all correspondence with HMRC in relation to any such claim for and on behalf of the Company (or the relevant Group Company) on its behalf, provided that:
- a. all written communication pertaining to the relevant claim which is transmitted to HMRC shall be copied to the Company and the Management Sellers' Representative (no member of the Purchaser Group shall, without the prior written consent of Kaupthing, initiate any correspondence in relation to the Group Relief Claim and any WHT Claim); and
  - b. Kaupthing shall use all reasonable endeavours to respond to any such correspondence from HMRC promptly and within a reasonable time period (taking into account the nature of such correspondence and/or requests set out therein);
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- 10.5.2 Kaupthing shall be entitled at its own expense to appoint its preferred solicitors and other professional advisers in relation to the Group Relief Claim, any WHT Claim and any Consultancy Claim;
- 10.5.3 Kaupthing shall keep the Company and the Management Sellers' Representative informed of the material progress of any such claim and in relation to the Consultancy Claim shall, to the extent practicable, consult with the Purchaser before taking any material steps;
- 10.5.4 Kaupthing shall obtain the Company's prior written approval (not to be unreasonably withheld or delayed) to the settlement or compromise of the Group Relief Claim, any WHT Claim and any Consultancy Claim;
- 10.5.5 the Purchaser shall and shall procure that the Company and its agents, officers or employees shall give (without charge) Kaupthing or its agents all such assistance as may reasonably be required to conduct the Group Relief Claim, any WHT Claim and any Consultancy Claim including (without limitation) providing reasonable access to the personnel, books, accounts and records of the Company, providing copies of relevant documentation (at Kaupthing's cost) and requiring personnel to provide statements and proofs of evidence and to attend at any trial or hearing to give evidence or otherwise as reasonably required; and
- 10.5.6 the Purchaser shall and shall procure that the Company or any other member of its Group shall (without charge):
- a. promptly (and in any event within 2 Business Days of receipt) pass and/or forward all written communication from HMRC received by the Company (or any member of its Group) pertaining to the relevant claim to Kaupthing and its professional advisers (as notified by Kaupthing to the Company from time to time) and the Management Sellers' Representative; and
  - b. cause the correspondence mentioned in paragraph 10.5.1 (except to the extent that they are not true and accurate in all respects), to be authorised, signed and submitted to HMRC with such amendments as the Purchaser requires (acting reasonably).
- 10.6 The Purchaser acknowledges that the sole recourse for itself and for the Group in respect of a Consultancy Liability shall be from the Consultancy Escrow Account and shall procure that the Group shall not seek to make any recovery in respect of any amount referable to a Consultancy Liability from either of the Service Companies or the Individuals (each as defined in the Consultancy Contracts).
- 10.7 The Sellers or their duly authorised agents shall (at the Group's sole cost and expense) prepare and deal with (or procure the preparation and dealing with) all computations and returns relating to Taxation in respect of the accounting period of the Group ending on 29 February 2016 (the "Pre-Completion Tax Documents").
- 10.8 Subject to the Purchaser's compliance with clause 10.10, the Sellers or its duly authorised agents shall deliver all Pre-Completion Tax Documents that are required to be authorised and signed by the Group to the Purchaser for authorising and signing prior to submission by 31 January 2017 and the Purchaser shall authorise, sign and submit such returns with such amendments as they reasonably require (subject always to clause 10.9) by 28 February 2017.
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- 10.9 The Sellers shall prepare, and the Purchaser shall procure that the Group shall submit, the Pre-Completion Tax Documents on the basis that losses shall be surrendered by way of group relief from Kaupthing (or its subsidiaries) to the maximum extent permissible by law, in order to eliminate any liability of the Group to corporation tax for that period. If the Group submit their tax returns other than in accordance with this clause 10.9, the parties shall procure that an amount equal to £697,325.20 (plus any interest accrued thereon) shall be released from the Group Relief Escrow to the Sellers.
- 10.10 The Purchaser shall procure that the Group and the Purchaser Group (if required) shall give to the Seller (without charge) all such assistance as may reasonably be required by the Seller to enable the Seller to comply with its obligations in clause 10.8 with specific regard to any applicable time limits.
- 10.11 For the avoidance of doubt, should the Pre-Completion Tax Documents be prepared by the Sellers or their duly authorised agent (in accordance with clause 10.7) on the basis that losses are not surrendered by way of group relief to the Group (as required by clause 10.9), any resulting corporation tax liability for the Group for the accounting period ending 29 February 2016:
- 10.11.1 shall be treated as a Group Relief Liability;
- 10.11.2 shall be treated as Finally Determined; and
- 10.11.3 the parties shall procure that an amount equal thereto shall be released from the Group Release Escrow Account to the Purchaser as soon as reasonably practicable.

## 11. PROTECTION OF GOODWILL

### *Management Warrantors' Covenant*

- 11.1 As further consideration for the Purchaser agreeing to purchase the Shares on the terms contained in this Agreement and with the intent of assuring to the Purchaser the full benefit and value of the goodwill of the Group, each of the Management Warrantors severally undertakes to the Purchaser (contracting for itself and on behalf of the Group) that, except in accordance with a prior written waiver given by or on behalf of the Purchaser, such Management Warrantor shall not, whether on his own behalf or with or on behalf of any other person and whether directly or indirectly by any other person or business controlled by him or any of his Connected Persons:
- 11.1.1 for a period of 12 months after the Completion Date carry on or be employed, engaged, concerned or interested within the United Kingdom of Great Britain and Northern Ireland in any Restricted Business provided that nothing in this clause 11.1.1 shall prevent any of the Management Warrantors nor any of their Connected Persons from holding not more than five per cent of any class of the issued share or loan capital of any company quoted on a recognised stock exchange (as defined in section 1005 Income Tax Act 2007);
- 11.1.2 for a period of 12 months after the Completion Date:
- a. employ or offer to employ or engage or otherwise endeavour to entice away from the Company or any Group Company any Key Employee; or
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b. employ or engage or otherwise facilitate the employment or engagement of any Key Employee whether or not such person would be in breach of contract as a result of such employment or engagement,

11.1.3 within the United Kingdom of Great Britain and Northern Ireland in any Restricted Business. at any time after Completion and except in the course of performing his duties as an employee and/or officer of and/or consultant to any member of the Group or Purchaser's Group, use as a trade or business name or mark or carry on a business under a title containing the words "Asquith" or "Asquith Nannies" or any other word(s) colourably resembling any such words.

11.2 The undertakings in clause 11.1 are for the benefit of the Purchaser's Group and the Group.

***Severability of Covenants***

11.3 Each undertaking contained in this clause 11 (Protection of goodwill) shall be read and construed independently of the other undertakings and as an entirely separate and severable undertaking.

11.4 The undertakings in this clause 11 (Protection of goodwill) are considered by the Parties to be reasonable in all the circumstances, but if any one or more should for any reason be held to be invalid, but would have been held to be valid if part of the wording were deleted, the undertakings shall apply with the minimum modifications necessary to make them valid and effective.

11.5 The consideration for the covenants contained in this clause 9 (Protection of goodwill) is included in the Consideration.

**12. THIRD PARTY RIGHTS**

Save where otherwise stated, nothing in this Agreement is intended to confer on any person any right to enforce any term of this Agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

**13. FURTHER ASSURANCE**

Each of the Parties shall, from time to time on being required to do so by the others, as soon as reasonably practicable following written request, and at the cost and expense of the requesting Party (except where a Transaction Document provides otherwise), do or procure the doing of all such acts and/or execute or procure the execution of all such documents as are necessary for giving full effect to this Agreement.

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## 14. CONFIDENTIALITY; ANNOUNCEMENTS

### *Prohibition on Disclosure*

14.1 Subject to clause 14.2 and clause 14.3:

- 14.1.1 each of the Parties shall treat as strictly confidential and not disclose or use any information received or obtained as a result of entering into this Agreement (or any agreement entered into pursuant to this Agreement) which relates to:
  - a. the provisions of this Agreement and any agreement entered into pursuant to this Agreement; or
  - b. the negotiations relating to this Agreement (and any such other agreements);
- 14.1.2 each Seller undertakes that following Completion he shall treat as strictly confidential and not disclose or use any information in his possession at Completion relating to the Group Companies and/or their business, financial or other affairs (including future plans and targets);
- 14.1.3 the Purchaser shall treat as strictly confidential and not disclose or use any information relating to the business, financial or other affairs (including future plans and targets) of the Sellers it received as a result of entering into or performing this Agreement; and
- 14.1.4 all information described in clause 14.1 is “Confidential Information”.

### *Permitted Disclosures or use*

14.2 Clause 14.1 shall not prohibit disclosure or use of any information if and to the extent:

- 14.2.1 the disclosure or use is required by any law, order, judgment, decree or any rule, regulation, request or inquiry of or by any regulatory body, government, court, administrative or regulatory agency or commission, other governmental or regulatory authority or any self-regulatory body (including any securities or commodities exchange, including (amongst other bodies) the UK Prudential Regulatory Authority, UK Financial Conduct Authority, the US Securities Exchange Commission, the Icelandic Financial Supervisory Authority (Fjármálaeftirlitið (FME) and the Icelandic Central Bank (CBI)); and/or
  - 14.2.2 the disclosure or use is required to vest the full benefit of this Agreement in the Parties; and/or
  - 14.2.3 the disclosure or use is required for the purpose of any judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement or the disclosure is made to a Tax Authority in connection with the Tax affairs of the disclosing party; and/or
  - 14.2.4 the disclosure or use is in the proper enjoyment and bona fide enforcement of rights hereunder and/or under the Warranty Deed; and/or
  - 14.2.5 the disclosure is made on a confidential basis to any Affiliate or any professional advisers, employees, agents, officers, partners, directors, managers or the owners of any Party or its Affiliates on a need to know basis; and/or
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- 14.2.6 the disclosure is made by Kaupthing to its investors, noteholders and/or potential providers of finance and their respective advisers and/or any other disclosure made in connection with the Announcement or other disclosure made pursuant to clause 14.2.1;
- 14.2.7 the disclosure is made by Bright Horizons Family Solutions LLC (as ultimate beneficial owner of the Purchaser) to its investors or providers of finance and their respective advisers, analysts covering the Purchaser Group in connection with a trading and/or other earnings update, or the Announcement or other disclosure made pursuant to clause 14.2.1; and/or
- 14.2.8 the information is or becomes publicly available (other than by breach of this Agreement (or any agreement entered into pursuant to this Agreement)); and/or
- 14.2.9 the disclosure or use is by a Seller in the course of performing his duties as an employee and/or officer of and/or consultant to any member of the Group or Purchaser's Group; and/or
- 14.2.10 the disclosure or use is made with Parties' Consent; and/or
- 14.2.11 the information is independently developed after Completion, provided that prior to disclosure or use of any information pursuant to clause 14.2.1 or 14.2.2 or 14.2.3, the Party concerned shall, if it is able to do so without breaching any Applicable Laws, promptly notify the other Parties of such requirement with a view to providing those other Parties with the opportunity to contest such disclosure or use or otherwise to agree the timing and content of such disclosure or use.

***Announcements***

- 14.3 Subject to clauses 14.4 and 14.5, no announcement or circular (other than the Announcement in agreed form and any other disclosure made or statement issued in respect of the matters referred to in clauses 14.2.1, 14.2.6 and 14.2.7 above) in connection with the existence or the subject matter of this Agreement and documents referred to herein shall be made or issued by or on behalf of any Party without the prior written consent of the other Parties (such approval not to be unreasonably withheld or delayed).
  - 14.4 The Purchaser may, after consultation with Kaupthing and the Management Sellers' Representative, and Kaupthing may, after consultation with the Purchaser and Management Sellers' Representative, make an announcement or issue a circular concerning the sale and purchase of the Shares or any ancillary matter if such announcement or circular is made to comply with any law, order, judgment, decree or any rule, regulation, request or inquiry of or by any regulatory body, government, court, administrative or regulatory agency or commission, other governmental or regulatory authority or any self-regulatory body (including any securities or commodities exchange), the rules of any recognised stock exchange on which shares of any party or its Affiliates, whether or not it has the force of law, in which case the party concerned shall take all such steps as may be reasonable and practicable in the circumstances to agree the contents of such announcement or circular, or the part of such announcement or circular concerning the sale of the Shares or any ancillary matter, with the Purchaser, Kaupthing and the Management Sellers' Representative, in the case of any Seller, and in the case of the Purchaser, Kaupthing and the Management Sellers' Representative, before making such announcement.
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- 14.5 The Purchaser may after Completion contact employees, consultants, agents, advisers, customers, clients or suppliers of the Group to inform them of its purchase of the Shares.
- 14.6 The restrictions in clauses 14.3 to 14.5 shall continue to apply after Completion or termination of this Agreement without limitation in time.

## 15. ASSIGNMENT

### *Prohibition on Assignment*

- 15.1 Subject to clauses 15.2 and 15.3, no Party may assign, transfer, deal or create any trust in respect of the benefit or burden of any provision of this Agreement without the prior written consent of the Purchaser (in the case of an assignment by a Seller) or Kaupthing and the Management Sellers' Representative (in the case of an assignment by the Purchaser).
- 15.2 All or any of the Purchaser's rights under this Agreement (including, without limitation, in respect of the Warranties) or any of the documents referred to herein in which there are no express provisions governing assignment, may be assigned by the Purchaser to any other member of the Purchaser's Group (or by any such member to any other member of the Purchaser's Group) provided that:
- 15.2.1 prior to such assignee company leaving the Purchaser's Group, such rights are assigned to another member of the Purchaser's Group; and
- 15.2.2 in the event that such assignment occurs, the liability of the Sellers under the Transaction Documents shall be no greater than it would have been had such assignment not occurred.
- 15.3 This Agreement and the benefits arising under it may be assigned or charged in whole or in part by the Purchaser to its financial lenders or banks or any member of their groups as security for any financing or refinancing in respect of any transaction contemplated by this Agreement, and such benefits as may further be assigned to any other financial institution by way of security for the borrowings of the Purchaser resulting from any refinancing of the borrowings made under such agreement, or to any person entitled to enforce such security or to any transferee under a valid enforcement of such security, provided that any such assignment permitted pursuant to this clause 15.3 shall not increase the liability of any of the Sellers under the Transaction Documents beyond that which the relevant party would otherwise have had but for that assignment or charging or transfer.
- 15.4 If there is an assignment as contemplated by either clause 15.2 or 15.3:
- 15.4.1 if it is to an assignee that is not incorporated in England, it shall be ineffective unless a process agent is appointed for the assignee and notified to the Sellers as provided in clause 28 (Notices);
- 15.4.2 the Sellers may discharge their obligations under this Agreement and other Transaction Documents to the assignor until the Sellers receive written notice of the assignment; and
- 15.4.3 the Purchaser shall remain liable for any obligations of the Purchaser under this Agreement.
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*Successors in Title*

15.5 This Agreement shall be binding upon and operate for the benefit of the personal representatives and permitted assigns and successors in title of each of the Parties and references to the Parties shall be construed accordingly.

**16. WAIVER; VARIATION; INVALIDITY**

*No Waiver by Omission, Delay or Partial Exercise*

16.1 Subject to clause 16.2, no right, power or remedy provided by law or under this Agreement shall be waived, impaired or precluded by any delay or omission to exercise it, by any single or partial exercise of it on an earlier occasion, or by any delay or omission to exercise, or single or partial exercise of, any other such right, power or remedy.

16.2 Time shall be of the essence for the purposes of the deadline for making claims provided in clause 4.1 or under the Warranties and a delay or omission resulting in its provisions not being complied with shall not be excused by clause 16.1.

*Specific Waivers to be in Writing*

16.3 Any waiver of any right, power or remedy under this Agreement must be in writing and may be given subject to any conditions thought fit by the grantor. No waiver will take effect to the extent the person providing the waiver is prejudiced because the person seeking the waiver has failed to disclose to the grantor every material fact or circumstance which (so far as the person seeking the waiver is aware) has a bearing on its subject matter. Unless otherwise expressly stated, any waiver shall be effective only in the instance and only for the purpose for which it is given.

*Variations to be in Writing*

16.4 No variation to this Agreement shall be of any effect unless it is agreed in writing and signed by or on behalf of each Party.

*Invalidity*

16.5 Each of the provisions of this Agreement are severable. If any such provision is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction that shall not affect or impair the legality, validity or enforceability in that jurisdiction of the other provisions of this Agreement, or of that or any other provision of this Agreement in any other jurisdiction.

**17. NO RIGHT OF TERMINATION**

Save in respect of clause 11 (*Protection of goodwill*), 13 (*Further Assurance*) and 14 (*Confidentiality; Announcements*), in respect of which the relevant Party may be entitled to claim the remedy of injunctive relief or specific performance, the sole remedy of the Purchaser against any of the Sellers under this Agreement

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shall be an action for damages. Save as provided in clause 23.5, the Purchaser shall not be entitled to terminate or rescind this Agreement.

**18. SEVERAL LIABILITY**

Except where otherwise stated in this Agreement, the obligations of the Sellers under this Agreement are expressly several (and not joint nor joint and several), and any reference to the Sellers (including any reference to them as Parties or Management Sellers) shall include each of them severally and no Seller shall be liable for any default or breach of obligations under this Agreement by any of the other Sellers.

**19. COSTS AND EXPENSES**

Except as otherwise stated in this Agreement, each Party shall bear its own costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and all other agreements forming part of the transactions contemplated by this Agreement. Without prejudice to the generality of the foregoing, all stamp, transfer and registration taxes, duties and charges and all (if any) notarial fees payable in connection with the sale of the Shares shall be payable by the Purchaser.

**20. PAYMENTS**

Where this Agreement provides for any payment to be made to the Sellers (whether or not the manner of payment is specified) in each case the Sellers irrevocably authorise and instruct the Purchaser to make that payment to the Sellers' Solicitors, whose receipt shall be an effective discharge of the Purchaser's obligation to pay the amount concerned. The Purchaser shall not be concerned to see to the application or be answerable for the loss or misapplication of any such amount.

**21. POST-COMPLETION RECORDS AND ASSISTANCE**

21.1 For a period of six years after the Completion Date the Purchaser shall procure that:

21.1.1 each of the Sellers and their duly authorised agents are (on reasonable notice in writing to the Purchaser) afforded such reasonable access to the books, accounts, correspondence and documentation of the Group in relation to matters or information recorded thereon which occurred prior to the Completion Date (the "Information") to enable the Sellers to comply with their respective tax obligations or affairs or prepare their respective accounts or annual returns or comply with any regulatory requirements or reporting; and

21.1.2 any "D&O" liability insurance providing cover to the directors and officers of any Group Companies in respect of wrongful acts (or allegations of wrongful acts) occurring before Completion is

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maintained and/or an insurance policy on equivalent terms is put in place and continues to apply to the former directors of the Group resigning at Completion for a period of 6 years following Completion.

- 21.2 Following Completion, the Purchaser shall procure that the Company pays, no later than the third Business Day following Completion, the transaction bonuses payable to employees of the Group details of which have been provided to the Purchaser.
- 21.3 Following Completion, the Sellers shall, as soon as practicable, procure the payment of the sell-side costs as notified to the Purchaser on or about the date hereof.

## 22. NO PERSONAL LIABILITY

The Purchaser acknowledges and agrees that the directors, officers, agents or representatives of Kaupthing shall incur no personal liability whatsoever to the Purchaser or any other person in respect of any matter referred to in this Agreement or, without prejudice to the generality of the foregoing, (a) in respect of any of the obligations undertaken by Kaupthing under this Agreement, (b) in respect of any failure on the part of Kaupthing to observe, perform or comply with any such obligation or (c) in relation to any associated agreements or negotiations.

## 23. ENTIRE AGREEMENT

### *This Agreement*

- 23.1 In this clause, references to this Agreement include all other written agreements (including the Warranty Deed) and arrangements between the Parties, and all other instruments, which are expressed to be supplemental to this Agreement or which this Agreement expressly preserves or requires to be executed.

### *Entire Agreement*

- 23.2 Each of the Parties to this Agreement confirm that this Agreement (together with the Transaction Documents) represents the entire understanding, and constitutes the whole agreement in relation to its subject matter and supersedes any previous agreement between the Parties with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing.
- 23.3 In the event of any inconsistency between the terms of this Agreement and the Transaction Documents, the terms of this Agreement shall prevail.
- 23.4 Each Party confirms that:
- 23.4.1 in entering into this Agreement it has not relied on any representation, warranty, assurances, covenant, indemnity, undertaking or commitment which is not expressly set out in this Agreement or in any other Transaction Document;
- and
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23.4.2 in any event, without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement, the only rights or remedies in relation to any representation, warranty, assurance, covenant, indemnity, undertaking or commitment given or action taken in connection with this Agreement are those pursuant to this Agreement and no Party has any other right or remedy (whether by way of a claim for contribution or otherwise) in tort (including negligence) or for misrepresentation (whether negligent or otherwise, and whether made prior to, or in, this Agreement).

***Fraud***

23.5 Nothing in this Agreement shall be read or construed as excluding any liability or remedy in respect of fraud or a fraudulent misrepresentation.

**24. COUNTERPARTS**

This Agreement may be executed in any number of counterparts and by the Parties on different counterparts. Each counterpart shall constitute an original of this Agreement but all the counterparts shall together constitute one and the same Agreement.

**25. NO PARTNERSHIP OR AGENCY**

Nothing in this Agreement, or in any document referred to in it, shall constitute any of the Parties a partner or agent of any other, nor shall the execution, completion and implementation of this Agreement confer on any Party any power to bind or impose any obligations to any third parties on any other Party or to pledge the credit of any other Party.

**26. APPOINTMENT OF MANAGEMENT SELLERS' REPRESENTATIVE**

***Appointment***

26.1 Each of the Management Sellers respectively appoints the Management Sellers' Representative to:

- 26.1.1 be his representatives in respect of any provisions of this Agreement where he (whether individually or with others) is required or entitled to give or receive any written notice, consent, application or election;
- 26.1.2 act on his behalf in relation to all matters which this Agreement expressly provides to be agreed or done by the Management Sellers' Representative; and
- 26.1.3 be his agent to receive service of any claim form, application notice, order, judgment or other process issued in connection with any claims or Proceedings.

***Replacing the Management Sellers' Representative***

26.1.4 If the Management Sellers' Representative dies or becomes mentally or physically incapacitated or is otherwise unable or unwilling to act as the Management Sellers' Representative, a majority of the

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Management Sellers may give written notice to the Purchaser of a new Management Sellers' Representative (being a Management Seller or his personal representative) and such person shall be the Management Sellers' Representative for all purposes contemplated by this Agreement, and shall be vested with all powers vested in the Management Sellers' Representative pursuant to this clause 26, in substitution for and to the exclusion of the previous Management Sellers' Representative.

26.1.5 If the Management Sellers fail to serve on the Purchaser the notice contemplated by sub-clause 26.1.4 within 14 days of written request by the Purchaser, the Purchaser may, by written notice to that effect to the Management Sellers, appoint any person (being a Management Seller or his personal representative) to be the new Management Sellers' Representative, and such person shall be the Management Sellers' Representative for all purposes contemplated by this Agreement, and shall be vested with all powers vested in the Management Sellers' Representative pursuant to this clause, in substitution for and to the exclusion of the previous Management Sellers' Representative.

***Terms of Appointment***

26.2 The following provisions shall apply in relation to any appointment under this clause:

26.2.1 subject to the other provisions of this clause, each of the Management Sellers warrants and agrees that the Management Sellers' Representative has and shall retain the authority to bind him in all matters arising from or in relation to any of the provisions of this Agreement referred to in clause 26.1 (Appointment), but it is acknowledged that the Management Sellers' Representative shall have no such authority in relation to any other provision of this Agreement or otherwise;

26.2.2 the Purchaser shall be entitled to rely on all and any communications provided by the Management Sellers' Representative within the scope of his authority (as described within this clause) as binding on each of the Management Sellers; and

26.2.3 any communication in respect of any matter within the authority of the Management Sellers' Representative described in this clause shall be deemed (unless the context otherwise requires) to be provided to the Management Sellers' Representative as nominee for all the Management Sellers. In any event (notwithstanding anything to the contrary in this Agreement), any notice served on the Management Sellers' Representative will be deemed to have been validly served at the same time on each of the Management Sellers on whom it is required to be served.

26.3 Provided he acts in good faith, the Management Sellers' Representative shall have and accept no liability to any of the Management Sellers or to any other person other than the Purchaser in connection with or as a result of anything which the Management Sellers' Representative does, refrain from doing or neglect or omit to do in connection with any matter relating to this Agreement or any other Transaction Document.

26.4 As between the Management Sellers on the one hand and the Management Sellers' Representative on the other, the Management Sellers' Representative shall not be required to expend any of his own money on or in relation to the matters referred to in this Agreement and without prejudice to the generality of the foregoing

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may decline to take any steps in relation to it unless he has been indemnified and secured (if and to the extent he so requires, to his full satisfaction) by the Management Sellers he represents in respect of the maximum amount of the expenses and other liabilities of any kind which he reasonably consider that they will or may incur in connection with or as a result of such proceedings or such duties and such indemnity and security shall be such as to ensure that the Management Sellers' Representative has immediate access to all such funds as they may require in order to meet all such expenses or other liabilities as they fall due, except that the Management Sellers' Representative shall be obliged to bear his own appropriate proportion of such expenses and liabilities.

## 27. INDEPENDENT ASSESSMENT AND FINANCIAL PROMOTION

### *Independent Assessment*

27.1 Subject in each case to clause 27.3, each Party agrees and confirms that:

27.1.1 it is a sophisticated buyer or seller (as the case may be) in respect of the transactions contemplated by this Agreement and the other Transaction Documents;

27.1.2 it has made its own independent analysis, assessment and decision to enter into the transactions contemplated by this Agreement and the other Transaction Documents, based on any information it has deemed appropriate under the circumstances, and without reliance on any other Party;

27.1.3 it is not entering into this Agreement in consequence of or in reliance on any unlawful communication (as defined in section 30(1) of the Financial Services and Markets Act 2000) made by any other Party or any other Party's professional advisers; and

27.1.4 each other Party is entering into this Agreement in reliance on the acknowledgements given in this clause 27.

27.2 Subject to clause 27.3, the Sellers do not make, and the Purchaser does not rely on, any representation, warranty or condition (express or implied) about, and the Sellers shall have no liability or responsibility to the Purchaser for the accuracy of the forecasts, estimates, projections, statements of intent or statements of opinion provided to the Purchaser or any of its directors, officers, employees agents or advisers on or prior to the date of this Agreement (including in the documents provided in the Data Room).

27.3 Each Party acknowledges and agrees that the provisions of this clause 27 (Independent Assessment and Financial Promotion) are not intended to prejudice, and will not prejudice, any express right or warranty in this Agreement or in any other Transaction Document.

## 28. NOTICES

### *Form of Notices*

28.1 Any communication to be given in connection with the matters contemplated by this Agreement shall except where expressly provided otherwise be in English, in writing, signed by or on behalf of the person giving it and shall be delivered by hand, sent by first class pre-paid post (pre-paid international airmail if sent to, or

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from, outside the United Kingdom) to the relevant address set out in sub-clause 28.2 (Address for Service). Delivery by courier shall be regarded as delivery by hand.

***Address for Service***

28.2 Such communication shall be sent to the address of the relevant Party referred to in this Agreement or to such other address as may previously have been communicated to the sending Party in accordance with this clause. Each communication shall be marked for the attention of the relevant person. Notices shall be addressed as follows:

28.2.1 Notices for the Purchaser shall be marked for the attention of:

Name: Ann Cartwright  
Bright Horizons Family Solutions, 2 Crown Court,  
Address: Rushden Northamptonshire NN10 6BS

28.2.2 Notices for Kaupthing shall be marked for the attention of:

Name: Rupert Horrocks and Peter Ward  
Address: Borgartun 26, 7th Floor, Reykjavik, 105, Iceland

And with a copy to:

Name: Dipesh Santilale  
CMS Cameron McKenna LLP, Cannon Place, 78 Cannon  
Address: Street, London, EC4N 6AF

28.2.3 Notices for the Management Sellers' Representative shall be marked for the attention of:

Name: Andrew Morris  
Address: 4 Chestnut Avenue, Chesham, Buckinghamshire, HP5 3NA

And with a copy to:

Name: Jonathan Porteous  
Stevens & Bolton LLP, Wey House, Farnham Road,  
Address: Guildford, Surrey, GU1 4YD

28.2.4 Notices for any Management Sellers shall be addressed for the relevant Management Seller at the address set out next to his name in Schedule 1 (Details of Sellers).

***Deemed Time of Service***

28.3 A communication shall be deemed to have been served:

28.3.1 if delivered by hand at the address referred to in clause 28.2 (Address for service) at the time of delivery;

28.3.2 if sent by first class pre-paid post to the address referred to in clause 28.2, at the expiration of two clear days after the time of posting; and

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28.3.3 if sent by pre-paid international airmail to the address referred to in clause 28.2, at the expiration of four clear days after the date of posting.

If a communication would otherwise be deemed to have been delivered outside normal business hours (being 9:00 a.m. to 5:00 p.m. on a Business Day in the country of the recipient) under the preceding provisions of this clause, it shall be deemed to have been delivered at the next opening of such normal business hours.

***Proof of Service***

28.4 In proving service of the communication, it shall be sufficient to show that delivery by hand was made or that the envelope containing the communication was properly addressed and posted as a first class pre-paid letter (international airmail if sent to or from outside the United Kingdom).

***Change of Details***

28.5 A Party may notify the other Parties of a change to its name, relevant person, address for the purposes of clause 28.2 (Address for service) provided that such notification shall only be effective on:

28.5.1 the date specified in the notification as the date on which the change is to take place; or

28.5.2 if no date is specified or the date specified is less than five clear Business Days after the date on which notice is deemed to have been served, the date falling five clear Business Days after notice of any such change is deemed to have been given.

***Non-Applicability to Proceedings***

28.6 For the avoidance of doubt, the Parties agree that the provisions of this clause shall not apply in relation to the service of any claim form, application notice, order, judgment or other document relating to or in connection with any proceedings.

**29. PROCESS AGENT**

29.1 Each Party (whether original or as a result of an assignment pursuant to clause 12 of this Agreement) which is not resident or incorporated in England or Wales hereby irrevocably agrees to appoint a process agent (being the London office of a firm of lawyers or an entity having an address in England and Wales) as its agent to accept service of process in England and Wales in any legal action or proceedings arising out of this Agreement, service upon whom shall be deemed completed whether or not forwarded to or received by the appointing party.

29.2 If such process agent ceases to be able to act as such or to have an address for service of proceedings in England and Wales, the party concerned hereby agrees to appoint a new process agent in England and Wales acceptable to the other parties (acting reasonably and as evidenced by such other Party's consent) and to deliver to the other parties within five Business Days of its appointment a certified copy of the written acceptance of appointment by the new process agent.

29.3 Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

29.4 Kaupthing hereby irrevocably appoints Kaupthing ehf (London branch) of 4th Floor, 43/44 Bond Street, London W1 2SA as its process agent for the purposes of this clause.

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**30. GOVERNING LAW AND JURISDICTION**

*English Law*

- 30.1 This Agreement, and any non-contractual rights or obligations arising out of or in connection with it or its subject matter, shall be governed by and construed in accordance with English law.

*Courts of England and Wales*

- 30.2 The Parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to hear and determine or otherwise settle all and any disputes which may arise out of or in connection with this Agreement or its subject matter.

**THIS AGREEMENT** has been duly executed as a deed on the date first stated above.

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**EXECUTED** by the parties

Executed as a deed by )  
**KAUPTHING ehf.**

On being signed by Rupert Horrocks

who, in accordance with the laws of the territory under  
which Kaupthing ehf. is incorporated, are acting under  
the authority of Kaupthing ehf.

) /s/ Rupert Horrocks.....  
in the presence of: )

Signature of witness: .../s/ Electra Sorba.....  
Name: Electra Sorba.....  
Address: 78 Cannon Street.....  
EC4N 6AF.....  
Occupation: Solicitor.....

Executed as a deed by )  
**ANDREW MORRIS** ) /s/ Andrew Morris.....  
in the presence of: )

Signature of witness: .../s/ Electra Sorba .....  
Name: Electra Sorba .....  
Address: 78 Cannon Street  
EC4N 6AF .....  
Occupation: Solicitor .....

Executed as a deed by )  
**ADAM SAGE** ) /s/ Adam Sage.....  
in the presence of: )

Signature of witness: .../s/ Electra Sorba .....  
Name: Electra Sorba .....  
Address: 78 Cannon Street .....  
EC4N 6AF .....  
Occupation: Solicitor .....

---

Executed as a deed by )  
**RICHARD MONEY** ) /s/ Adam Sage .....  
Acting by his duly authorised attorney ADAM SAGE

in the presence of: )

Signature of witness: .../s/ Electra Sorba .....  
Name: Electra Sorba .....  
Address: 78 Cannon Street .....  
EC4N 6AF .....  
Occupation: Solicitor .....

Executed as a deed by )  
**JEFF STANFORD** ) /s/ Adam Sage .....  
Acting by his duly authorised attorney ADAM SAGE

in the presence of: )

Signature of witness: .../s/ Electra Sorba .....  
Name: Electra Sorba .....  
Address: 78 Cannon Street .....  
EC4N 6AF .....  
Solicitor Occupation: Solicitor .....

Executed as a deed by )  
**MARTIN HINCHLIFFE** ) /s/ Adam Sage .....  
Acting by his duly authorised attorney ADAM SAGE )

in the presence of:

Signature of witness: .../s/ Electra Sorba .....  
Name: Electra Sorba .....  
Address: 78 Cannon Street .....  
EC4N 6AF .....  
Occupation: Solicitor .....

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Executed as a deed by )  
**STEPHEN SAVAGE** ) /s/ Adam Sage.....  
Acting by his duly authorised attorney ADAM SAGE )

in the presence of:

Signature of witness: .../s/ Electra Sorba .....  
Name: Electra Sorba .....  
Address: 78 Cannon Street .....  
EC4N 6AF .....  
Occupation: Solicitor .....

Executed as a deed by )  
**BHFS TWO LIMITED** ) /s/ Stephen Dreier .....  
By Stephen Dreier )  
Title Director )  
In the presence of

Signature of witness: /s/ Elizabeth Larcano.....  
Name: Elizabeth Larcano .....  
Address: 200 Talcott Ave. ....  
Watertown, MA 02472, USA.....  
Occupation: Securities Counsel.....

Executed as a deed by )  
**BRIGHT HORIZONS FAMILY SOLUTIONS LLC** ) /s/ Stephen Dreier.....  
By Stephen Dreier )  
Title EVP )  
In the presence of

Signature of witness: /s/ Elizabeth Larcano .....  
Name: Elizabeth Larcano .....  
Address: 200 Talcott Ave. ....  
Watertown, MA 02472, USA .....  
Occupation: Securities Counsel .....

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**DATE: 8 NOVEMBER 2016**

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**MANAGEMENT WARRANTY DEED**

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**Between**

**THE PERSONS LISTED IN SCHEDULE 1**

**and**

**BHFS TWO LIMITED**

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**CMS Cameron McKenna LLP**  
**Cannon Place**  
**78 Cannon Street**  
**London EC4N 6AF**  
**T +44 20 7367 3000**  
**F +44 20 7367 2000**  
**cms.law**

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THIS DEED is made the 8<sup>th</sup> day of November 2016

**BETWEEN:**

1. **THE PERSONS** whose respective names and addresses are set out in column (1) of Schedule 1 (Warrantors) (the “**Warrantors**”); and
2. **BHFS TWO LIMITED** (registered in England with number 03943326) whose registered office is at 2 Crown Court, Rushden, Northamptonshire NN10 6BS (the “**Purchaser**”).

**RECITAL:**

- A. On or around the date hereof the Warrantors (and certain other Sellers) entered into the Sale and Purchase Agreement (defined below) pursuant to which the Purchaser has agreed to acquire the Shares (as defined therein) (the “**Acquisition**”).
- B. This Deed is entered into on the same date as the Sale and Purchase Agreement in connection with the Acquisition on the terms set out herein.

**NOW IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 Terms and expressions defined in the Sale and Purchase Agreement shall have the same meaning when used in this Deed unless the context requires otherwise (including where a different definition is provided in clause 1.1 of this Deed). In addition, in this Deed the following words and expressions shall (unless clearly inconsistent with the context) have the following meanings:

“**Accounts Date**”: 28 February 2016

“**Assessment**”: a claim, assessment, notice, demand or other document issued or action taken by or on behalf of a Tax Authority by which a Group Company is liable or is sought to be made liable to make a payment to the Tax Authority (whether or not the payment is primarily payable by the Group Company and whether or not the Group Company has or may have a right of reimbursement against another person) or is denied or sought to be denied a Relief or any other matter or circumstance indicating that the Purchaser or a Group Company is or may be sought to be made liable to make any payment of Tax or denied or sought to be denied any Relief

“**Audited Accounts**”: the audited consolidated financial statements of the Group for the accounting period ending on the Accounts Date

“**Authorisation**”: any licence, consent, permit, approval or other authorisation of an Authority (including, without limitation, any licence required by OFSTED, CSSIW or the Care Inspectorate or under any Environmental and Health and Safety Laws)

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**“Authority”** : any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction and whether supranational, national, regional or local (including, without limitation, OFSTED, CSSIW and the Care Inspectorate and HMIE)

**“Business”**: the business of the Group as at the date of this Deed

**“Certificates of Title”**: the certificates of title for each of the Freehold/Heritable/Long Leasehold Properties prepared by Stevens & Bolton LLP in the agreed form

**“Commercial VDDR”**: the commercial vendor due diligence report dated 7 October 2016 prepared by KPMG LLP and any supplements, in each case in the agreed form

**“Confidential Information”**: all technical, financial, commercial and other information of a confidential nature relating to the Business, including without limitation, trade secrets, know-how, and unpublished information relating to Intellectual Property, object code and source code relating to software, marketing and business plans, employee information, projections, current or projected plans or internal affairs of any Group Company, secret or confidential information, current and/or prospective suppliers and customers (including any customer or supplier lists) and any other person who has had material dealings with them

**“CTA 2010”**: the Corporation Tax Act 2010

**“Data Protection Laws”**: the Data Protection Act 1998, the Data Protection Directive (95/46/EC), the Regulation of Investigatory Powers Act 2000, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000 (SI2000/2699), the Electronic Communications Data Protection Directive (2002/58/EC), the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) and all applicable Laws and regulations relating to data protection and privacy in any applicable jurisdiction

**“Data Room”**: the electronic data room containing documents and information in relation to the Group made available to the Purchaser and its advisers online via <https://datasite.merrillcorp.com> under the code name “Project \_\_\_\_.”

**“Disclosed”**: has the meaning given in clause 2.3 (Warranties)

**“Disclosure Documents”**: together, the Disclosure Letter, the documents listed in the schedule thereto, the contents of the Data Room and the Reports

**“Disclosure Letter”**: the disclosure letter relating to this Deed provided by the Warrantors to the Purchaser immediately before entry into this Deed

**“Effective Time”**: the time of the execution of this Deed by the Warrantors

**“Employee”**: any current or former employee, director, contract worker, part-time employee, temporary employee or home worker of a Group Company

**“Encumbrance”**: any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement, or any agreement to create any of the above (other than by virtue of this Deed or the Sale and Purchase Agreement)

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**“Environmental and Health and Safety Laws”**: all or any Laws, and any relevant code of practice, guidance, note, standard or other advisory material issued by any Authority which from time to time relates to the protection of human health or safety (including without limitation the health and safety of those who work for a Group Company and/or any persons who visit the Properties or are in anyway affected by the conditions of the Properties) or the environment or natural resources or the conditions or health and safety of the workplace or the generation, use, management, transportation, storage, treatment or disposal of Hazardous Material

**“Facility Agreement”**: the facilities agreement dated 28 June 2007 (as amended and restated from time to time and most recently on 18 January 2016) made between (i) Chestnutbay Acquisition Co Limited (as borrower), (ii) Kaupthing Bank ehf (as lender, agent and others) and (iii) the Guarantors (as defined therein)

**“Finance Documents”**: the Facility Agreement and any other Finance Document (as defined therein)

**“Financial VDDR”**: the financial and operational due diligence report dated 21 October 2016 and the tax due diligence report dated 2 November 2016, both prepared by KPMG LLP and any supplements, in each case in the agreed form

**“Freehold/Heritable/Long Leasehold Properties”**: those Properties that are heritable, owned freehold or long leasehold by a Group Company as shown at Part 1 of document 7.6.1 of the Data Room

**“GAAP”**: Generally Accepted Accounting Principles in the United Kingdom, for the avoidance of doubt incorporating FRS 102

**“Group Companies”** or **“Group”**: the Company and the Subsidiaries (and **“Group Company”** shall be construed accordingly)

**“Hardware”**: any and all computer, telecommunications and network equipment

**“Hazardous Material”**: any pollutant, or any hazardous, toxic, radioactive, noxious, corrosive or caustic substance whether in solid, liquid or gaseous form which alone or in combination with others is capable of causing harm to the environment

**“HTA 1984”**: the Inheritance Tax Act 1984

**“Information Memorandum”**: the Project Hekla information memorandum dated September 2016 and in the agreed form

**“Information Technology”**: Hardware, Software, systems, network and/or other information technology (including a global network such as the world wide web and related sites) and any aspect or asset of a business that relies on any of the foregoing (whether embedded or otherwise)

**“Intellectual Property”**: anywhere in the world:

- a. patents, trade marks, service marks, registered and unregistered design rights, applications and rights to apply for any of the foregoing rights, rights protecting goodwill and reputation, trade, business or company names, copyright, moral rights, mobile and web app names, internet domain names and e-mail addresses, unregistered trade marks and service marks, database rights, rights in software, topography rights, knowhow, lists of suppliers and customers and other confidential and/or proprietary knowledge and information, rights in designs and inventions in all cases whether registered or unregistered and including applications for the grant of any of the foregoing;
-



- b. rights under licences, consents, orders, statutes or otherwise in relation to a right in paragraph (a);
- c. rights of the same or similar effect or nature as or to those in paragraphs (a) and (b); and
- d. the right to sue for past infringements of any of the foregoing rights

**“Intellectual Property Rights”**: all Intellectual Property owned or used (by licence or otherwise) by a Group Company

**“IPR Agreements”**: any agreements, save for any off-the-shelf software licences, pursuant to which the Company, or any other Group Company, grants rights to use the Intellectual Property Rights or pursuant to which the Company, or any other Group Company, is granted rights to use the Intellectual Property Rights

**“IT Systems”**: Information Technology owned and used by any Group Company

**“ITEPA 2003”**: the Income Tax (Earnings and Pensions) Act 2003

**“Law”** or **“Laws”**: all applicable legislation, statutes, directives, regulations, judgments, decisions, decrees, orders, instruments, by-laws, and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and the European Union or other supranational bodies, rules of common law, customary law and equity and all civil or other codes and all other laws of, or having effect in, any jurisdiction from time to time and whether before or after the date of this Deed

**“Leasehold Properties”**: those Properties that are leased on a rack rent basis by a Group Company as shown at Part 2 of document 7.6.1 of the Data Room

**“Locked Box Accounts”**: the balance sheet for the period ending on the Locked Box Date for the Group in the agreed form

**“Locked Box Date”**: 30 September 2016

**“Management Accounts”**: the unaudited management accounts of each Group Company for the period ended on 30 September 2016 (and in respect of the 7 month period then ended) (copies of which are contained in the Disclosure Documents)

**“Material Contracts”**: a contract which:

- a. generates annual revenues to the Group in excess of £250,000;
- b. has a book value of £250,000 or more in the Audited Accounts;
- c. places obligations on the Group which the Warrantors believe will, or are likely, to cause the Group to incur expenditure or an obligation to pay money in excess of £250,000;
- d. to the extent not covered by the above provisions, was entered into any way other than in the ordinary course of the Group’s business and is believed by the Warrantors to be material to the Group taken as a whole;
- e. relates to the acquisition by the Group in the last three years of a business or company (including the related disclosure letter); or
- f. relates to the Group’s arrangement with David Lloyd gyms

**“Pension Scheme”**: NOW: Pensions Trust

**“Personal Data”**: is as defined in the Data Protection Act 1998

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**“Properties”**: the premises and land owned, occupied, or otherwise used in connection with the Business, particulars of which are set out in document 7.6.1 of the Data Room

**“Purchaser Specified Individuals”**: Ann Pickens and David Eaves

**“Reports on Title”**: the reports on title for each of the rack rent Leasehold Properties prepared by Stevens & Bolton LLP in the agreed form

**“Relief”**: any loss, relief, allowance, exemption, set-off, deduction, right to repayment, or credit or other relief of a similar nature granted by or available in relation to Tax pursuant to any legislation or otherwise

**“Reports”**: the Financial VDDR, the Commercial VDDR and the Information Memorandum

**“Sale and Purchase Agreement”**: the sale and purchase agreement in respect of the Shares to be entered into between, amongst others, the Purchaser and the Warrantors on the same date as this Deed

**“Software”**: any and all computer programmes whether in source or object code form, including all modules, routines and sub-routines of and all source and other proprietary materials relating to such computer programmes including user requirements, functions, specifications and programming specifications, principles, programming language, algorithms, flowcharts, logic diagrams, autographic representations, file structures, coding sheets, data and databases, integrated circuits, embedded systems and other electro-mechanical or processor based systems and including any manuals or other documentation relating to any of the foregoing and computer generated work

**“Subsidiaries”**: the subsidiaries listed in Schedule 4 (Company and the Subsidiaries) and **“Subsidiary”** means any one of them

**“Taxation”** or **“Tax”**: all forms of taxation whether direct or indirect and whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or other reference and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions, rates and levies (including social security contributions and any other payroll taxes), whenever and wherever imposed (whether imposed by way of a withholding or deduction for or on account of tax or otherwise) and in respect of any person and all penalties, charges, costs and interest relating thereto

**“Tax Authority”**: any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation

**“TIOPA 2010”**: the Taxation (International and Other Provisions) Act 2010

**“VATA”**: in the United Kingdom, the Value Added Tax Act 1994 and, in a jurisdiction outside the United Kingdom, any equivalent legislation

**“Warranty”**: subject to clause 2.1 (Warranties), a statement contained in Schedule 2 (Warranties) and **“Warranties”** means all those statements

**“Warranty Claim”**: a claim against a Warrantor under or in respect of any of the Warranties under this Deed

1.2 In interpreting this Deed:

1.2.1 reference to any document being **“in the agreed form”** shall mean that it is in the form agreed between the parties and signed for the purposes of identification by or on behalf of them;

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- 1.2.2 the table of contents and headings and sub-headings are for convenience only and shall not affect the interpretation of this Deed;
- 1.2.3 unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and references to any gender shall include all other genders. References to any person shall include natural persons, bodies corporate, unincorporated associations, partnerships, governments, governmental agencies and departments, statutory bodies or other entities, in each case whether or not having a separate legal personality, and shall include such person's successors;
- 1.2.4 the words "other", "include" and "including" shall not connote limitation in any way;
- 1.2.5 references to Recitals, Schedules, clauses and sub-clauses are to (respectively) recitals to, schedules to, and clauses and sub-clauses of, this Deed (unless otherwise specified) and references within a Schedule to paragraphs are to paragraphs of that Schedule (unless otherwise specified);
- 1.2.6 any statute or statutory provision shall be deemed to include any instrument, order, regulation or direction made or issued under it and shall be construed so as to include a reference to the same as it may have been amended, modified, consolidated or re-enacted except to the extent that any amendment or modification made after today's date would increase any liability or impose any additional obligation on the relevant party under this Deed;
- 1.2.7 except to the extent the Deed provides otherwise, terms defined in the Companies Act 2006 as in force at the date of this Deed shall be read as if defined in that way in this Deed, but where any such definition uses terms defined in that act whose meaning has been extended or modified in this Deed it shall be read as if those terms were defined as they are in this Deed;
- 1.2.8 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, organisation, body, official or any legal concept, state of affairs or thing shall in respect of any jurisdiction other than England be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
- 1.2.9 any reference to "writing" or "written" shall include any legible reproduction of words delivered in permanent and tangible form excluding e-mail and facsimile;
- 1.2.10 references to times of the day are (unless otherwise expressly provided) to London time and references to a day are to a period of 24 hours running from midnight on the previous day;
- 1.2.11 references to books, records or other information mean books, records or other information in any form including paper, electronically stored data, magnetic media, film and microfilm;
- 1.2.12 a reference to:
- a. liability under, pursuant to or arising out of (or any analogous expression) any agreement, contract, deed or other instrument includes a reference to contingent liability under, pursuant to or arising out of (or any analogous expression) that agreement, contract, deed or other instrument; and
  - b. a party being liable to another party, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence) or under the Misrepresentation Act 1967;
-

1.2.13 a reference to “material” in Schedule 2 (Warranties) shall, unless otherwise stated, mean material in the context of the Group as a whole; and

1.2.14 references to “assets” include all property, all assets, all revenue, all its undertaking and all rights of every description.

## **2. WARRANTIES**

2.1 Subject to clause 2.2, each Warrantor severally (not jointly or jointly and severally) warrants to the Purchaser that so far as he is actually aware each of the Warranties is true and accurate as at the Effective Time.

2.2 For the purposes of clause 2.1, each Warrantor’s actual awareness shall mean awareness of those facts, matters and circumstances that are within his actual knowledge as at the Effective Time, and each Warrantor shall be deemed for these purposes to have actual knowledge of all facts, matters and circumstances that are within the actual knowledge of each of the other Warrantors as at the Effective Time. For the avoidance of doubt, nothing in this clause 2.2 shall require any Warrantor to make any other enquiry in respect of the Warranties.

2.3 The Warranties are qualified by the facts and circumstances fairly disclosed in or by this Deed and/or the Disclosure Documents in each case with sufficient details for a reasonable purchaser to identify the nature and scope of the matters disclosed and references in this Deed to “disclosed” or “Disclosed” shall be construed accordingly.

2.4 The Warrantors’ liability in respect of all Warranty Claims shall be limited or excluded, as the case may be, as set out in Schedule 3 (Limitations on the Warrantors’ Liability), and in column 2 in Schedule 1 (Warrantors), provided that nothing in Schedule 3 (Limitations on the Warrantors’ Liability) shall have the effect of limiting or restricting any liability of a Warrantor in respect of a Warranty Claim arising as a result of his fraud or fraudulent misrepresentation, as read in conjunction with clause 2.5.

2.5 If a Warrantor in good faith forms the view that a matter or liability or circumstance relevant to the Warranties or any of them is not material in the context of a Warranty qualified by materiality or is unlikely to give rise to a Warranty Claim meeting the requirements of paragraph 1.1 of Schedule 3 (Limitations on the Warrantors’ Liability), the decision not to make (and the failure to make) a disclosure of it in the Disclosure Documents or for the purposes of the Warranties shall not of itself result in any fraudulent misrepresentation or fraud on the part of the Warrantors or any of them for the purposes of this Deed.

2.6 The Purchaser acknowledges and agrees that save as expressly set out in this Deed or the other Transaction Documents or otherwise agreed in writing that, none of the Warrantors gives any warranty, representation or undertaking as to the accuracy or completeness of any information (including any of the forecasts, estimates, projections, statements or interest of statements of opinion) provided to the Purchaser or any of the Purchaser’s advisors, funders or agents.

2.7 Any liability for a Warranty Claim paid or otherwise settled by a Warrantor shall be treated as a reduction in his Consideration.

2.8 The Warranties shall continue in full force and effect, subject to the terms of this Deed, notwithstanding Completion.

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**3. APPOINTMENT**

- 3.1 Each of the Warrantors appoints the Management Sellers' Representative from time to time and in accordance with the terms set out in clause 23.2 (Appointment of Management Sellers' Representative) of the Sale and Purchase Agreement (which shall apply to this Deed on that basis) to:
- 3.1.1 be his representative in respect of any provisions of this Deed where he (whether individually or with others) is required or entitled to give or receive any written notice, consent, application or election;
  - 3.1.2 act on his behalf in relation to all matters which this Deed expressly provides to be agreed or done by the Management Sellers' Representative; and
  - 3.1.3 to be his agent to receive service of any claim form, application notice, order, judgment or other process issued in connection with any claims or Proceedings.

**4. ASSIGNMENT**

*Prohibition on assignment*

- 4.1 Subject to clauses 4.2 and 4.3, no party may assign, transfer, deal or create any trust in respect of the benefit or burden of any provision of this Deed without the prior written consent of the Purchaser (in the case of an assignment by the Warrantors) or the Management Sellers' Representative (in the case of an assignment by the Purchaser).
- 4.2 All or any of the Purchaser's rights under this Deed (including, without limitation, the benefit of the Warranties or the right to bring a Warranty Claim) may be assigned by the Purchaser to any other member of the Purchaser's Group (or by any such member to any other member of the Purchaser's Group) provided that:
- 4.2.2 prior to such assignee company leaving the Purchaser's Group, such rights are assigned to another member of the Purchaser's Group; and
  - 4.2.2 in the event that such assignment occurs, the liability of the Warrantors under the Transaction Documents shall be no greater than it would have been had such assignment not occurred.
- 4.3 This Deed and the benefits arising under it (including, without limitation, the benefit of the Warranties or the right to bring a Warranty Claim) may be assigned or charged in whole or in part by the Purchaser to its financial lenders or banks or any member of their groups as security for any financing or refinancing in respect of any transaction contemplated by the Sale and Purchase Agreement, and such benefits as may further be assigned to any other financial institution by way of security for the borrowings of the Purchaser resulting from any refinancing of the borrowings made under such agreement, or to any person entitled to enforce such security or to any transferee under a valid enforcement of such security, provided that any such assignment permitted pursuant to this clause 4.3 shall not increase the liability of any of the Warrantors under any Transaction Document beyond that which the relevant party would otherwise have had but for that assignment or charging or transfer.
-

- 4.4 If there is an assignment as contemplated by either clause 4.2 or 4.3:
- 4.4.1 if it is to an assignee that is not incorporated in England, it shall be ineffective unless a process agent is appointed for the assignee and notified to the Warrantors as provided in clause 26 of the Sale and Purchase Agreement;
  - 4.4.2 the Warrantors may discharge their obligations under this Deed and other Transaction Documents to the assignor until the Warrantors receive written notice of the assignment; and
  - 4.4.3 the Purchaser shall remain liable for any obligations of the Purchaser under this Deed.

***Successors in title***

- 4.5 This Deed shall be binding upon and operate for the benefit of the personal representatives and permitted assigns and successors in title of each of the parties and references to the parties shall be construed accordingly.

**5. MUTUAL RELEASE**

- 5.1 Each of the Warrantors releases the Company, the other Group Companies and/or their respective officers, employees, agents and consultants, or any of them, from any and all claims (including for negligence) that that Warrantor might otherwise have against any of them (regardless of whether such Warrantor presently knows the grounds for any such claim) in respect of any information that any such person has in any capacity supplied to the Warrantors or any of them in connection with the Warranties, this Deed and/or the information disclosed. This shall not preclude any Warrantor from claiming against any other Warrantor under any right of contribution or indemnity to which he may be entitled.
- 5.2 If the same fact, event or circumstance gives rise to a claim against any of the Warrantors for breach of any of the Warranties as well as a tortious or other claim by the Company or the other Group Companies against such Warrantors, the Purchaser releases such Warrantors from liability under the Warranties to the extent any such third party recovers damages or otherwise obtains reimbursement or restitution from the applicable Warrantors in respect of such claim.

**6. ENTIRE AGREEMENT**

***This Agreement***

- 6.1 In this clause, references to this Deed include all other written agreements and arrangements between the Parties, and all other instruments, which are expressed to be supplemental to this Deed or which this Deed expressly preserves or requires to be executed.

***Entire Agreement***

- 6.2 Each of the Parties to this Deed confirm that this Deed represents the entire understanding, and constitutes the whole agreement in relation to its subject matter and supersedes any previous agreement between the Parties with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing.
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6.3 Each Party confirms that:

6.3.1 in entering into this Deed it has not relied on any representation, warranty, assurances, covenant, indemnity, undertaking or commitment which is not expressly set out in this Deed; and

6.3.2 in any event, without prejudice to any liability for fraud or fraudulent misrepresentation, the only rights or remedies in relation to any representation, warranty, assurance, covenant, indemnity, undertaking or commitment given or action taken in connection with this Deed are those pursuant to this Deed and no Party has any other right or remedy (whether by way of a claim for contribution or otherwise) in tort (including negligence) or for misrepresentation (whether negligent or otherwise, and whether made prior to, or in, this Deed);

and the Purchaser hereby irrevocably and unconditionally waives any right it may have to rescind this Deed.

6.4 The Purchaser acknowledges and agrees that the sole remedy for any Warranty Claim and/or against the Warrantors for any other breach of this Deed shall be an action for contractual damages. Save in the event of fraudulent misrepresentation, no right of rescission shall be available after the date of this Deed to the Purchaser by reason of any breach of the Warranties or any other provision of this Deed or any other Transaction Document.

***Fraud***

6.5 Nothing in this Deed shall be read or construed as excluding any liability or remedy in respect of fraud or a fraudulent misrepresentation.

**7. GENERAL PROVISIONS**

The parties acknowledge and agree that clauses 13, 17, 18, 23, 25 and 27 of the Sale and Purchase Agreement shall apply to the terms of this Deed, as if set out full herein, with such modifications as are reasonably required to cause such provisions to apply to this Deed.

**8. GOVERNING LAW AND JURISDICTION**

***English Law***

8.1 This Deed, and any non-contractual rights or obligations arising out of or in connection with it or its subject matter, shall be governed by and construed in accordance with English law.

***Courts of England and Wales***

8.2 The Parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to hear and determine or otherwise settle all and any disputes which may arise out of or in connection with this Deed or its subject matter.

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**SCHEDULE 2**  
**WARRANTIES**

**1. SHARES AND SUBSIDIARIES**

- 1.1 Each of the Group Companies is duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- 1.2 The Shares:
- 1.2.1 (other than the Option Shares) comprise the whole of the Company's allotted and issued share capital as at the date of this Agreement and have been validly allotted and issued and are fully paid or deemed fully paid; and
- 1.2.2 will at Completion comprise the whole of the Company's allotted and issued share capital, and will have been validly allotted and issued and will be fully paid or deemed fully paid
- 1.3 There is no Encumbrance and there is no agreement, arrangement or obligation to create or give an Encumbrance, in relation to any unissued shares in the capital of the Company or any Subsidiary and no person has made any claim to be entitled to any such Encumbrance.
- 1.4 Other than the Sale and Purchase Agreement, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, transfer, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the allotment, issue, transfer, redemption or repayment of any Shares or any unissued shares in the capital of any of the Group Companies (including, without limitation, an option or right of pre-emption or conversion).
- 1.5 No shares in the capital of the Company or any Subsidiary, have been issued or no transfer of any such shares has been registered, except in accordance with all applicable laws and the memorandum and articles of association of the Company or the relevant Subsidiary (as the case may be) and all such transfers have been duly stamped where applicable.
- 1.6 The Company does not have any Subsidiary undertaking(s) other than the Subsidiaries and each Subsidiary is wholly owned (directly or indirectly) by the Company.
- 1.7 All of the shares in each of the Subsidiaries have been validly allotted and issued and are fully paid or deemed fully paid.
- 1.8 With the exception of the Subsidiaries, none of the Group Companies own (and have never entered into legally binding obligations that are still valid to own) any shares or debentures in the capital of, nor do they have (nor have they ever entered into legally binding obligations that are still valid to have) any beneficial interest in, any other company or business organisation, nor does any Group Company control or take part in (nor has it ever entered into legally binding obligations that are still valid to control or take part in) the management of any other company or business organisation.
- 1.9 During the last six years, the Group has never been a member of any joint venture, consortium or partnership.
- 1.10 The particulars of the Company and the Subsidiaries set out in Schedule 4 are accurate notwithstanding any contradictions in any of the documents in the Data Room.
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## **2. CONSTITUTIONAL AND CORPORATE DOCUMENTS**

- 2.1 The copies of the memorandum and articles of association of each Group Company have been Disclosed to the Purchaser or its advisers are accurate and complete.
- 2.2 The statutory books (excluding the minute books) and register of members of each Group Company are up-to-date in all material respects and have been properly kept in all material respects and no notice that any of them is incorrect or should be rectified has been received.
- 2.3 All returns, resolutions and other documents which any Group Company is required by law to file with or deliver to the Registrar of Companies in England and Wales have been made up and filed or, as the case may be, delivered.
- 2.4 There are no powers of attorney granted by the Group which are currently in force and no person is entitled or authorised in any capacity to bind or commit the Group to any obligation outside the ordinary course of the Business.

## **3. AUDITED ACCOUNTS**

- 3.1 The Audited Accounts have been prepared and audited in accordance with GAAP.
- 3.2 Insofar as required by the law and GAAP applicable at the time they were prepared, the Audited Accounts show a true and fair view of the assets and liabilities of the Group as a whole as at the Accounts Date and of the profits and losses of the Group for the financial year ended on the Accounts Date.
- 3.3 All accounts, books, ledgers, financial and other material records of whatsoever kind which that Group Company is required to maintain by applicable law ("Records") of every Group Company:
  - 3.3.1 are in the possession or under the control of the Group; and
  - 3.3.2 have been maintained on a consistent basis and in all material respects in accordance with section 386 of the Companies Act 2006.
- 3.4 The Audited Accounts apply bases and policies of accounting which have been consistently applied in the audited financial statements of the Company and, in the case of the Group, in the audited consolidated financial statements for the prior three accounting reference periods.

## **4. MANAGEMENT ACCOUNTS**

- 4.1 The Management Accounts:
    - 4.1.1 have been prepared honestly and in good faith;
    - 4.1.2 have been prepared from the Group's accounting records and on a basis substantially consistent with and using the same accounting principles, policies and practices used in preparing the Audited Accounts; and
    - 4.1.3 acknowledging that they have not been prepared on a statutory basis, do not contain any material inaccuracies and fairly represent the assets and liabilities and the profits and losses of the Group in respect of the period to which they relate and (except as expressly disclosed therein) do not include any unusual, exceptional, non-recurring or extraordinary item of income or expenditure.
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**5. LOCKED BOX ACCOUNTS**

5.1 The Locked Box Accounts have been prepared:

- 5.1.1 honestly and in good faith;
- 5.1.2 from the Group's accounting records and on a basis consistent with and using the same accounting principles, policies and practices used in preparing the Audited Accounts; and
- 5.1.3 to fairly represent the assets, liabilities and financial position of the Group at the Locked Box Date.

**6. CHANGES SINCE THE LOCKED BOX DATE**

6.1 Since the Locked Box Date:

- 6.1.1 the Group's business has been operated in the normal course consistent with past practice without material interruption or material alteration in its nature or scope;
  - 6.1.2 there has been no material deterioration in the profitability or turnover of the Group when compared to the same period covered by the Audited Accounts;
  - 6.1.3 there has been no material event or occurrence (including the loss of any material contract, customer or supplier or any adverse report from Ofsted or the Care Inspectorate or the CSSIW) which has had a material adverse effect on the Group's business or its profitability;
  - 6.1.4 save in respect of Permitted Leakage, the Company has not declared, paid or made a dividend or distribution (including, without limitation, a distribution within the meaning of the CTA 2010) except as provided in the Audited Accounts;
  - 6.1.5 no Group Company has created, allotted, issued, acquired, repaid or redeemed share or loan capital or made an agreement or arrangement or agreed or undertaken an obligation to do any of those things;
  - 6.1.6 no Group Company has disposed of or agreed to dispose of any material asset:
    - (a) otherwise than in the normal course of its business; or
    - (b) for a consideration which is materially lower than open market value or book value (whichever is the higher) at the time of its disposal;
  - 6.1.7 no Group Company has made or agreed to make, or assumed or incurred, or agreed to assume or incur, any commitment (actual or contingent) for any individual item of investment or capital expenditure:
    - (a) otherwise than in the ordinary and usual course of its business; or
    - (b) involving an amount in excess of £100,000;
  - 6.1.8 there have been no material changes in the manner or policy of the Group with respect to collection or payment periods for debtors and creditors respectively;
  - 6.1.9 no resolution of the Company's shareholders has been passed (except for those representing the ordinary business of an annual general meeting or to give effect to a Transaction Document);
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- 6.1.10 the Company has not repaid any material sum in the nature of borrowings in advance of any due date or made any material loan (except in the ordinary course of business and excluding in each case borrowings from or loans to another Group Company) or agreed to do so;
- 6.1.11 the Group has not borrowed or raised any money or taken any form of financial facility (whether pursuant to a factoring arrangement or otherwise) except under the Facility Agreement or by way of trade credit in the ordinary course of business or intra Group; and
- 6.1.12 the Group has paid its material creditors in all material respects in accordance with their respective credit terms or (if not) within the time periods usually applicable to such creditors and, other than the Facility Agreement, there are no debts outstanding by the Group which aggregate more than £100,000 and have been overdue for more than sixty days.

## **7. THE GROUP'S ASSETS**

- 7.1 Except for cash deployed or current assets disposed of by the Group in the ordinary course of its business or equipment and fixed assets disposed of because they have become redundant or obsolete or in need of replacement, the Group Companies are the owners legally and beneficially of and have good title to all assets included in the Audited Accounts and all material assets which have been acquired by the Group since the Locked Box Date and (save for Encumbrances granted under the Finance Documents and liens arising in the ordinary course of business for amounts not overdue for payment) no Encumbrance is outstanding nor is there any agreement or commitment to give or create or allow any Encumbrance over or in respect of the whole or any part of the Group's assets, undertaking, goodwill or uncalled capital and no claim has been made by any person that he is entitled to any such Encumbrance.
- 7.2 Since the Locked Box Date, the assets of the Group have been in the possession of, or under the control of, the Group.
- 7.3 All fixed assets of the Group including all fixed and movable plant and machinery, vehicles, IT Systems (other than Software) and other equipment used in, or in connection with, the Business are in reasonable repair and condition (taking into account their respective age and level of use), are in satisfactory working order and have been adequately serviced and maintained.

## **8. LIABILITIES AND LENDING**

- 8.1 The total amount borrowed by the Group from its lenders does not exceed its facilities and the total amount borrowed by each Group Company from whatsoever source does not exceed any limitation on its borrowing contained in its articles of association.
  - 8.2 No guarantees or security given by any Group Company exceeds any limit on such guarantees or security in any facilities and any guarantees or security given do not exceed any limitation on the amount guaranteed or secured contained in its articles of association.
  - 8.3 Details of all overdrafts, loans or other financial facilities outstanding or available to the Group Companies (including the Facility Agreement but excluding loans between members of the Group) are given in the Data
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Room and true and complete copies of all principal documents relating to the same are included in the Data Room.

- 8.4 The Group Companies have not engaged in any borrowing or financing not required to be reflected in the Audited Accounts.
- 8.5 No Group Company is currently a lender other than under loans or credit arrangements in the ordinary course of business or to another Group Company.
- 8.6 The only borrowings outstanding under the Facilities Agreement are due to Kaupthing.
- 8.7 The only current parties to the Finance Documents are Kaupthing and various of the Group Companies.

## **9. EFFECTS OF SALE**

- 9.1 Except for payments constituting Permitted Leakage, no person is entitled (as a result of any commitment given by a Group Company before the Effective Time) to receive from any Group Company any finder's fee, brokerage, or other commission or payment in connection with the sale and purchase of the Shares under the Sale and Purchase Agreement.
- 9.2 The acquisition of the Shares by the Purchaser and compliance with the terms of the Sale and Purchase Agreement or other Transaction Documents will not:
  - 9.2.1 cause any Group Company to lose the benefit of any material licence, consent, permit, approval or authorisation (public or private) or any contract it presently enjoys or relieve any person of any material contractual obligation to any Group Company or enable any person to determine any such obligation or any material contractual right or benefit now enjoyed by any Group Company or to exercise any material right whether under an agreement with any Group Company;
  - 9.2.2 result in any material present indebtedness of any Group Company becoming due or capable of being declared due and payable prior to its stated maturity, except under the Finance Documents; or
  - 9.2.3 give rise to or cause to become exercisable any right of pre-emption over any material assets of the Group,and the Group Companies' relationships with clients, customers and suppliers will not be materially or adversely affected thereby and the Warrantors have not been informed or otherwise become aware that any person who now has material business dealings with the Group would or might cease to do so from and after Completion.

## **10. AGREEMENTS**

- 10.1 Copies or details of all Material Contracts are contained in the Data Room.
  - 10.2 No Group Company has received notice disputing the validity or enforceability of any Material Contract. No Group Company is in material breach of any Material Contract and no other party to any such contract is in material breach of it.
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- 10.3 No party to a Material Contract has:
- 10.3.1 given notice that it intends to terminate such contract; or
  - 10.3.2 terminated such Material Contract.
- 10.4 Save for the Disclosed contracts governing the employment of the Warrantors and the Finance Documents there are no existing contracts between any Group Company and any Seller or any Connected Person of any Seller.
- 10.5 There are not in force in relation to the Group's business, assets or undertaking any material agreements, whether written or oral, to which any of the Sellers or any person known by the Sellers to be connected with any of them is a party or of which it has the benefit or to which it is otherwise subject the benefit of which would be required to be assigned to or otherwise vested in any Group Company to enable that Group Company to carry on its business and/or to enjoy all the rights and privileges attaching to the same and/or to any of its assets and undertaking in the same manner and scope and to the same extent and on the same basis as each Group Company carries on business or enjoys such rights at the Effective Time.
- 10.6 No Group Company is a party to, nor have its turnover or profits since the Locked Box Date been materially affected by, any material agreement or arrangement that is not entirely of an arm's length nature or is otherwise outside the ordinary course of business.
- 10.7 All costs incurred by or for the benefit of any Group Company have been fully charged to that Group Company and not borne in whole or in part by any of the Sellers or any Connected Person of any Seller.
- 10.8 Except to the extent contemplated under the Facility Agreement, a Group Company is the sole legal owner, entitled to the benefit of the receivables in respect of the income-generating assets of the Group, free from all Encumbrances.
- 10.9 No Group Company is a party to or subject to any agreement or liability (other than with or to another Group Company) which:
- 10.9.1 the Warrantors believe cannot readily be fulfilled or performed by any Group Company on time and without undue expenditure of money or effort; or
  - 10.9.2 the Warrantors believe involves or is likely to involve obligations, restrictions, expenditure or receipts in each case of a materially onerous nature, having regard to customary or market terms for such agreements or transactions; or
  - 10.9.3 is in the nature of an agency, distribution or management agreement; or
  - 10.9.4 is incapable of complete performance in accordance with its terms within 12 months of the date on which it was entered into; or
  - 10.9.5 requires the Group to pay any commission, finders' fee or royalty; or
  - 10.9.6 involves material liabilities which may fluctuate in accordance with an index or rate of currency exchange or interest or movements in the price of any securities or commodities; or
  - 10.9.7 is a contract for the supply of assets to any Group Company on hire, lease, hire purchase, credit or deferred payment terms where the aggregate amount payable under it exceeds £25,000; or
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- 10.9.8 is dependent on the guarantee or covenant of or security provided by any other person (other than, in the case of its assets, the title and supporting covenants given to the purchasing Group Company on acquisition); or
- 10.9.9 in any material way restricts the Group's freedom to carry on the whole or any part of its business in any part of the world in such manner as it thinks fit; or
- 10.9.10 is a contract for the sale of shares or assets comprising a business undertaking under which any Group Company still has a remaining material liability or obligation.
- 10.10 No Seller nor any other person has given any guarantee of or security for, any overdraft loan, loan facility or off-balance sheet financing granted to any Group Company nor has any Group Company given any guarantee of or security for any overdraft loan, loan facility or off-balance sheet financing granted to any of the Sellers or any person connected with any of them or any other person and there is not now outstanding in respect of any Group Company any guarantee or warranty or agreement for indemnity or for suretyship given by or for the accommodation of any Group Company or in respect of any Group Company's business.
- 10.11 No power of attorney given by any Group Company (other than to the holder of an Encumbrance solely to facilitate its enforcement) is now in force. No person, as agent or otherwise, is entitled or authorised to bind or commit any Group Company to any obligation not in the ordinary course of a Group Company's business and there is no person purporting to do so.
- 10.12 Other than in relation to the Finance Documents, no Group Company is a party to any option or pre-emption right, or has given any guarantee, suretyship, comfort letter or any other obligation (whatever called) to pay, provide funds or take action in the event of default in the payment of any indebtedness of any other person or in the performance of any obligation of any other person.
- 10.13 No Group Company has made or is aware of circumstances that are likely to give rise to a claim by the Group Companies under any of the agreements relating to nursery acquisitions by the Group Companies in the previous three years.

## **11. INTELLECTUAL PROPERTY**

- 11.1 The Data Room contains details of all the Intellectual Property Rights in respect of which each Group Company is the registered owner or applicant for registration.
- 11.2 Except to the extent contemplated under the Finance Documents, none of the Intellectual Property Rights owned (or purported to be owned but not licensed) is subject to any Encumbrance.
- 11.3 In the period of three years ending on the date of this Deed, the Company has not received notice to indicate that any Intellectual Property Rights is being challenged or attacked by any third party or by any relevant registry and all fees payable by a Group Company in respect of the registrations/applications have been paid.
- 11.4 Details of all IPR Agreements material to the Business are included in the Data Room.
- 11.5 No Group Company is in material breach of any IPR Agreement that is material to the current operation of the Business and no Group Company has received written notice (that is still valid) that it or any other party
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to any IPR Agreement that is material to the current operation of the Business is in material breach of such IPR Agreement.

- 11.6 In the twelve months preceding the date of this Deed there have not been any disputes relating to or arising out of any of the IPR Agreements that are material to the current operation of the Business.
- 11.7 A Group Company owns or has a licence to use all the Intellectual Property Rights which are material to the current operation of the Business. No Group Company is in material breach of such licences and no Group Company has received written notice (that is still valid) that it or any other party to such licences is in material breach of the licence.
- 11.8 No Group Company has, within the three years preceding the date of this Deed, received written notice that it is infringing the Intellectual Property Rights of any other person.
- 11.9 In the period of five years ending on the date of this Deed, no Confidential Information that is material to the Business has been disclosed or permitted to be disclosed to any person (except in the ordinary and normal course of business and/or under an obligation of confidence).

## **12. INFORMATION TECHNOLOGY**

- 12.1 Summary descriptions of the IT Systems that are material to the current operation of the Business are included in the Data Room.
- 12.2 All IT Systems material to the current operation of the Business are owned by or validly licensed to a Group Company.
- 12.3 The Group Companies have not in the last six months experienced a failure or breakdown of the IT Systems that had a material adverse effect on the Business, save as set out in the Data Room.
- 12.4 In the reasonable opinion of the Warrantors, the Company has implemented, adequate and appropriate procedures for ensuring the security of the IT Systems to avoid material failure or breakdown, viruses, infections, unauthorised access, and to protect the confidentiality and integrity of the data stored therein. Summaries of the Company's material disaster recovery and security arrangements in relation to the IT Systems are included in the Data Room.
- 12.5 In the reasonable opinion of the Warrantors, the functionality, performance and capacity of the IT Systems is adequate for the current operation of the Business.
- 12.6 The IT Systems have been properly and regularly maintained.
- 12.7 There are no royalties, licence fees or other fees payable in connection with the use of any part of the IT Systems other than as expressly set out in the Data Room.

## **13. DATA PROTECTION**

- 13.1 Each Group Company having such obligation has registered or applied to register itself under the Data Protection Act 1998 or applicable Data Protection Laws in respect of all registrable Personal Data held by it, and all due and requisite fees in respect of such registrations have been paid.
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- 13.2 The details contained in such registrations or applications are materially correct and suitable for the purpose(s) for which the relevant Group Company holds or uses the Personal Data which are the subject of them.
- 13.3 All Personal Data held by each Group Company is held in accordance with the data protection principles set out in Schedule 1 of the Data Protection Act 1998 and there has been no unauthorised disclosure of such Personal Data.
- 13.4 There are no outstanding enforcement, deregistration or transfer prohibition notices under the Data Protection Laws currently outstanding against the Group Company, or any outstanding appeal against such notices, nor are there any circumstances which may give rise to the giving of any such notices.
- 13.5 There are no unsatisfied requests to any Group Company made by data subjects in respect of Personal Data held by the relevant Group Company, nor any outstanding applications for rectification or erasure of Personal Data.
- 13.6 There are no outstanding claims that have been made for compensation for inaccuracy, loss or unauthorised disclosure of Personal Data nor has any Group Company lost or made any unauthorised disclosure of any Personal Data.
- 13.7 Without prejudice to the specific provisions above, each Group Company and its employees have complied in all material respects with the requirements of the Data Protection Laws.

#### **14. INSURANCE**

- 14.1 The Data Room contains details of all material terms of each current insurance and indemnity policy in respect of which each Group Company has an interest, including details of all current historic policies which insure against child abuse claims in the last 10 years (together the "Policies").
- 14.2 No claims have been made in the last five years, and no claim is outstanding, under any of the Policies nor are there any circumstances likely to give rise to such a claim.
- 14.3 The Company has informed the relevant insurers under the Policies of any material event, act or omission which has occurred during the 3 years preceding the date of this Deed that was known to the Warrantors and which they were aware required a notification under any of the Policies and there are no circumstances which the Warrantors believe will lead to any liability under such notification being avoided by the insurers or make any Policy void or voidable.
- 14.4 All the policies are in full force and effect and all premiums have been paid on time. There are no circumstances which might lead to any material liability under any of the Policies being avoided by the insurers or the premiums being increased.

#### **15. EMPLOYEES**

- 15.1 Other than as set out in the Disclosure Letter and/or the Data Room, there is no employment contract between any Group Company and any of its employees which cannot be terminated by such Group Company by six months' notice or less without giving rise to a claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal).
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- 15.2 The Data Room contains details of:
- 15.2.1 the total number of each Group Company's employees and details of their remuneration;
  - 15.2.2 any employees on long term absence due to ill health or any other reason;
  - 15.2.3 the terms of contract of each member of the senior management team entitled to a salary of more than £75,000 per annum; and
  - 15.2.4 the terms of any bonus schemes operated by a Group Company for the benefit of employees and directors.
- 15.3 Other than as set out in the Disclosure Letter and/or the Data Room, no Group Company has any agreement or arrangement with or recognises a trade union, or works council.
- 15.4 There is no agreement or arrangement between any Group Company and any employee of a Group Company providing for any payment or other benefit (not being Permitted Leakage) in connection with the sale of the Company pursuant to the Sale and Purchase Agreement.
- 15.5 No Group Company has a share incentive, share option, profit sharing, bonus or other incentive scheme for any of its directors, other officers or employees.
- 15.6 Schedule 4 of this Deed shows the full names of and offices held by each person who is a director of each Group Company and no other person is a director or shadow director of each Group Company.
- 15.7 The total number of individuals details of whom have been Disclosed (the "Employees") are the only employees of the Group Companies at the latest date that information was included in the Data Room. For the avoidance of doubt, "Employees" includes those directors employed under a contract of service and non-executive directors whether or not employed under a contract of service. There were at the latest time provided above no other individuals engaged by the Group Companies who were employed by it.
- 15.8 All Employees are engaged on the standard terms of employment set out in the Data Room or under Disclosed employment agreements.
- 15.9 None of the Employees earning more than £75,000 per annum has given notice terminating his contract of employment or engagement or has been withdrawn by the agency supplying him nor have the Group Companies terminated or given notice of termination to any such person or (where applicable) any such agency. Furthermore, during the period of six months ending with the date of this Deed the Group Companies have not directly or indirectly terminated the contract of any person employed in or by the Group Companies or who has been engaged by the Group Companies on a self-employed basis in circumstances where the compensation (excluding accrued salary, bonus entitlements, expenses and benefits) paid or payable by the Group as a result of all of such terminations has exceeded or is expected by the Warrantors to exceed £75,000 in aggregate.
- 15.10 There is no plan, scheme, commitment, policy, custom or practice (whether legally binding or not) relating to redundancy affecting any of the Employees more generous than the statutory redundancy requirements.
- 15.11 No amounts are currently owing under any loan agreement entered between Group Companies and Employees.
- 15.12 Since the Accounts Date, no material change has been made in (i) the rate of remuneration, or the emoluments or pension benefits or other contractual benefits, of any officer of the Group Companies or any of the
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Employees or (ii) the terms of engagement of any such officer or any of the Employees. Furthermore, the Group Companies have not entered into any informal or formal agreement to amend or change in any material respects the terms or conditions of employment or engagement as required to be disclosed under this paragraph 15.12 of any of the officers of the Group Companies or any of the Employees (whether such amendment or change is to take the effect prior to or after Completion).

- 15.13 There is no outstanding claim by any person who is now, or has been, an employee of the Group Companies or was engaged by the Group Companies on a self-employed basis or was supplied to the Group Companies by an agency; or statutory dismissal, disciplinary or grievance procedure in progress in relation to any of the said persons, or material dispute outstanding with any of the said persons or with any unions or any other body representing all or any of them in relation to their employment by the Group Companies.
- 15.14 In the last three years, none of the Relevant Employees has had his employment transferred to a Group Company pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 1981 or the Transfer of Undertakings (Protection of Employment) Regulations 2006.

## **16. IMMIGRATION**

- 16.1 Every Employee who requires permission to work in the United Kingdom has current and appropriate permission to work in the United Kingdom for the Group.
- 16.2 The Group has carried out right to work checks in relation to Employees in accordance with the requirements set out in the Asylum and Immigration Act 1996 and the Immigration, Asylum and Nationality Act 2006.
- 16.3 None of the Employees has leave to enter or remain in the United Kingdom as Tier 2 migrants.
- 16.4 Details of the names and job titles of all Employees with limited leave to remain in the United Kingdom have been Disclosed, including details of their nationality, immigration status, employment start date, when their leave expires and when their immigration documents were last officially checked by the Group and true and complete copies of each such Employee's entry clearance, leave to remain and/or UK Biometric Residence Permit showing their leave and the expiry date of their leave has been Disclosed.
- 16.5 No Group Company is a licensed Tier 2 or Tier 5 sponsor with the Home Office and is not covered by any other company's sponsorship licence. No application for a sponsorship licence by or including any Group Company under Tiers 2 or 5 is pending and no such sponsorship licence application made by or on behalf of a Group Company has ever been refused by the Home Office.
- 16.6 No Group Company, nor any of their employees or officers, has been issued with any civil penalty, fine or criminal sanction in connection with employing anyone in the United Kingdom without permission or in breach of their conditions.

## **17. WORKING WITH CHILDREN**

- 17.1 All Employees of the Group Companies have been subject to appropriate screening and police checks to ascertain their suitability for working with children, as required by law or necessary for the prudent operation
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of the Group (and the Group has at least two references on file for each Employee of the Group and obtained these references in each case prior to the relevant Employee starting to work for the Group).

- 17.2 Where any Employee has applied for a Disclosure and Barring Service certificate but has not yet received it, such Employee has at all times complied with all relevant OFSTED or other restrictions on starting work before a Disclosure and Barring Service certificate is obtained.
- 17.3 The Group Companies have carried out all necessary checks in the last 12 months that they are required to carry out pursuant to the Protection of Vulnerable Groups (Scotland) Act 2007 and no such checks have revealed any adverse entries for anyone involved with the Group Companies.

## 18. PENSIONS

- 18.1 Apart from the Pension Scheme(s), there are no agreements or arrangements (including those under any public law, statute or regulation to which any of the Group Companies contribute in compliance with applicable law or regulation) in existence at the date hereof for the payment or provision, of, or payment by a Group Company or remittance by a Group Company of a contribution towards, expenses of or any shortfall in funding in relation to, any pensions, allowances or lump sums on termination of employment (whether voluntary or not), retirement, serious ill-health, incapacity or death for the benefit of an Employee or an Employee's dependants (including his or her spouse) ("Benefits"), nor has any proposal for such an agreement or arrangement been announced and no Group Company has contributed to any other arrangement or is under any obligation to pay, provide or contribute to any agreement or arrangement for the provision of such Benefits.
- 18.2 Details of the Pension Scheme, including all constitutional documents and confirmation that it is a defined contribution and not defined benefits scheme are contained in the Data Room.
- 18.3 All contributions due to be paid or remitted by each Group Company to the Pension Scheme have been paid or remitted in accordance with statutory requirements.
- 18.4 The applicable provisions of Part 1 of the Pensions Act 2008 have been complied with including the "staging date" as described in the said Part 1 for each Group Company (which fell on 1 August 2013).
- 18.5 No Group Company has at any time since 19 December 1996 contributed towards, participated in or had employees who participated in an occupational pension scheme to which section 75 of the Pensions act 1995 applies, has applied or could apply.
- 18.6 None of the Group Companies or any of the Warrantors (nor any person known by the Warrantors to be connected with, or an associate of, any Group Company or any Warrantor) has received any non-routine written communication from the Pensions Regulator in relation to any pension scheme offering defined benefits and there are no circumstances under which the Pensions Regulator might reasonably issue a contribution notice or financial support direction against any Group Company. In this subparagraph words and expressions shall have the same meanings as in sections 38 to 51 of the Pensions Act 2004.
- 18.7 Since 30 August 1993, no one has been employed by a Group Company as a result of a "relevant transfer" for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 1981 or 2006 which
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has or might have resulted in the continuation of any rights or obligations in relation to or in connection with any defined benefit pension scheme.

**19. INSOLVENCY, WINDING UP, ETC.**

- 19.1 No order has been made, petition presented or resolution passed for the winding up or dissolution of any Group Company and no meeting has been convened for the purpose of winding up or dissolving any Group Company. No administrator, administrative receiver, receiver or manager has been appointed of the whole or any part of the property, assets or undertaking of any Group Company.
- 19.2 No Group Company has stopped or suspended the payment of its debts or received a written demand pursuant to section 123(1)(a) of Insolvency Act 1986 (or similar legislation in another jurisdiction to which a Group Company is subject) and no Group Company is insolvent or unable to pay its debts within the meaning of section 123 of Insolvency Act 1986 (or similar legislation in another jurisdiction to which a Group Company is subject).
- 19.3 No voluntary arrangement has been proposed or approved under Part 1 of Insolvency Act 1986 (or similar legislation in another jurisdiction to which a Group Company is subject) and no compromise or arrangement has been proposed, agreed to or sanctioned under section 899 of the Companies Act 2006 (or similar legislation in another jurisdiction to which a Group Company is subject) in respect of any Group Company.
- 19.4 No Group Company has made or proposed any arrangement or composition with its creditors or any class of its creditors (including a voluntary arrangement as defined in the Insolvency Act 1986).
- 19.5 No administration order has been made and no petition or application for such an order has been presented, filed or commenced by any natural or legal person(s) in respect of any Group Company. No administrator, receiver or administrative receiver has been appointed and no steps have been taken by any natural or legal person(s), any Group Company, its directors or the holder of a qualifying floating charge (as defined in Schedule B1 to the Insolvency Act 1986) for the appointment of and administrator or a receiver (including an administrative receiver) in respect of all or any part of any Group Company's assets.
- 19.6 No distress, execution or other process has been levied against any Group Company and no action has been taken to repossess goods in the possession of any Group Company which has not been satisfied in full. No unsatisfied judgment is outstanding against any Group Company.
- 19.7 No floating charge created by any Group Company has crystallised automatically nor are there any circumstances likely to cause such a floating charge to crystallise.
- 19.8 There is no moratorium in force or coming into force in respect of any Group Company in accordance with paragraph 8.1 of Schedule A1 to the Insolvency Act 1986 and no Group Company has applied or is applying to the court for an interim order under section 253 of the Insolvency Act 1986.
- 19.9 No event analogous to any of the foregoing has occurred in relation to any Group company in or outside England.
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## 20. LITIGATION AND COMPLIANCE WITH LAWS

### *General*

- 20.1 None of the Group Companies nor a person for whose acts or defaults the Group Companies may be vicariously liable in respect of such proceeding is involved in a civil, criminal, arbitration, administrative or other proceeding. There is no order, decree or judgement of any Authority outstanding against the Group or any Group Company or any person for whose acts the Group or any Group Company is vicariously liable by reference to such an order, decree or judgement.
- 20.2 In the five years prior to the date of this Deed, no Group Company has received notice that it is in material breach of any licence or consent or registration held by it and/ or that there is an ongoing investigation, enquiry or proceeding outstanding or anticipated which the Warrantors believe will result in the suspension, cancellation, modification or revocation of any such licence, consent or registration.
- 20.3 No material civil, criminal, arbitration or administrative investigation or enquiry by any Authority is pending or threatened by or against any member of the Group nor are there any circumstances likely to give rise to the same.
- 20.4 Each Group Company has conducted its business, in all material respects in accordance with all applicable Law in each jurisdiction where it has an establishment or conducts any business.
- 20.5 In the two (2) years prior to the date of this Deed, no Group Company has received notice that it is in material breach of any Authorisation held by it or that there is an ongoing investigation, enquiry or proceeding outstanding or anticipated.
- 20.6 There are no circumstances which indicate that any Authorisation of any Group Company which is material to the Group's business is likely to be suspended, revoked or renewal refused.
- 20.7 All Group Companies hold, and have held when required by applicable Law to do so, all Authorisations necessary under applicable Law for carrying on the business of that Group Company in the places and in the manner in which such business is now and was at all material times carried on.
- 20.8 The information and material disclosed by the Warrantors in respect of investigations by Authorities into the activities of the Group or any Group Company comprises all information and material they considered necessary to disclose about such investigations to the Authorities in respect of such investigations and all such information is set out in the Data Room.
- 20.9 Other than as set out in the Disclosure Letter and/or the Data Room, the Group does not use on its letterhead, brochures, sales literature or vehicles nor does it otherwise carry on its business or trade under any name other than its corporate names or abbreviations thereof.
- 20.10 During the last six years, no allegations of improper or illegal conduct in respect of children attending any of the Properties have been made against any Employees.
- 20.11 The Disclosure Documents include copies of:
- 20.11.1 the latest inspection reports provided to the Group in respect of the Business carried out by OFSTED, CSSIW and the Care Inspectorate;
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- 20.11.2 current OFSTED, CSSIW and Care Inspectorate registrations in respect of the Group; and
- 20.11.3 material correspondence with OFSTED, CSSIW and the Care Inspectorate in respect of the Group.
- 20.12 The Group Companies have at all times been operated in accordance with relevant applicable requirements of Ofsted, CSSIW and the Care Inspectorate (including ensuring that all Employees have achieved the required qualifications and PVG Scheme Membership for their relevant position with the Group Companies).
- 20.13 There have been no claims, investigations, prosecutions or other proceedings against the Group Companies or their officers or employees in respect of legal requirements of OFSTED, CSSIW or the Care Inspectorate.
- 20.14 There are no actions requested by OFSTED, CSSIW or the Care Inspectorate which are outstanding.
- 20.15 The Data Room contains details of all complaints made in relation to the Business in the last two years, and any older complaints that are not considered resolved.
- 20.16 The Data Room contains details of all material accidents in relation to children, staff or visitors to the Business in the last three years.

***Corrupt practices***

- 20.17 No Group Company, nor any of its officers, employees or agents, has at any time, or is presently or has agreed to become, engaged in any conduct (including by way of acquiescence or failure to perform) that would constitute an offence under the Bribery Act 2010 or would have done so if that Act had been in force at the relevant time.
- 20.18 Each Group Company has at all relevant times had in place adequate procedures designed to prevent persons associated with it within the meaning of section 8 of that Act from undertaking any conduct that would constitute an offence by the Group Company under section 7 of that Act (or would have done so if that Act had been in force at the relevant time), all such procedures have been Disclosed and no such person has at any time, or is presently or has agreed to become, engaged in such conduct.
- 20.19 No Group Company and no person so associated with it nor any of its officers, employees or agents who are not so associated with it is or has been the subject of any actual or threatened investigation, or been charged, in connection with any offence or alleged offence under that Act or any behaviour that would have been such an offence had the Act been in force at the relevant time and there are no circumstances likely to give rise to any such investigation or charge.
- 20.20 No person who is or has at any time within the last three years been a director or officer of any Group Company has at any material time been subject to any disqualification order under the Companies Act 2006 or under any other legislation relating to the disqualification of directors and officers, or was the subject of any investigation or proceedings capable of leading to a disqualification order being made.

**21. REAL PROPERTY**

***General***

- 21.1 The particulars of the Properties set out in document 7.6.1 of the Data Room (Properties) are true, complete and accurate and not misleading in any respect.
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- 21.2 The Properties comprise all of the premises and land and buildings owned, controlled, occupied or otherwise used in connection with the business of the Group Companies.
- 21.3 Save as disclosed in the Certificates of Title and Reports on Title, the Group Companies are in possession of the whole of each of the Properties, none of which is vacant and no other person is in or actually or conditionally entitled to possession, occupation, use or control of any of the Properties.
- 21.4 Save as disclosed in the Certificates of Title and Reports on Title or in respect of any matters arising after the date of them, the information contained within replies to Standard Commercial Property Enquiries CPSE.7 (version 1.0) and supplied within the Data Room is true and complete and correct in all material respects and the information contained within the separate documentation referred to within such replies is true and complete and correct in all material respects (save where the Purchaser is asked to rely on their own enquiries).
- 21.5 The information contained in the Certificates of Title is complete and accurate in all respects and the information contained in the Reports on Title do not contain any errors.

***Title***

***Liabilities***

- 21.6 Except in relation to the Properties (without any investigation having been undertaken into any property interest that has been sold or otherwise disposed of), the Group Companies have no material liabilities (actual or contingent) arising out of the conveyance, transfer, lease, sublease, tenancy, licence, agreement or other document relating to land or premises or an estate or interest in or over land or premises, including:
- 21.6.1 any estate or interest previously held by the Group Companies as original lessees, underlessee or subtenant; or
- 21.6.2 any covenant or obligation made by the Company in favour of any lessor or any guarantee given by the Group Companies in relation to a lease, underlease or sublease.

***Environment and Health and Safety***

Save as disclosed by the Certificates of Title and Reports on Title:

- 21.7 The Group Companies have not received any written notice of any actual, pending or threatened actions by regulatory authorities or third parties in respect of any alleged non-compliance with Environmental and Health and Safety Laws.
- 21.8 There are no notices, correspondence, legal proceedings, disputes or complaints under environmental law or otherwise relating to real or perceived environmental problems that affect the Property, or which have affected the Properties during the Company's period of ownership of the relevant Properties, including any communications relating to the actual or possible presence of contamination at or near the Properties.
- 21.9 There are no insurance policies that specifically provide cover in relation to contamination or other environmental problems affecting the Property.
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**22. TAX**

- 22.1 Each Group Company has paid all Taxation which it has become liable to pay and no Group Company is liable to pay any penalty, fine, surcharge or interest in connection with Taxation.
- 22.2 All payments by any Group Company to any person which ought to have been made under deduction or withholding of Taxation have been so made and the Taxation so deducted or withheld has been accounted to the relevant Tax Authority.
- 22.3 Each Group Company has made all returns, notifications, statements, registrations and assessments (whether physically in existence or electronically stored) (“Returns”) it is required by law to make. The Returns disclose all material facts and circumstances and are not currently the subject of any question or dispute with any Tax Authority.
- 22.4 No Group Company is in dispute with a Tax Authority and there are no circumstances that exist which are likely to give rise to such dispute.
- 22.5 Each Group Company has prepared, kept and preserved such records as is required by law.
- 22.6 The Disclosure Letter contains details so far as they affect any member of the Group of all arrangements with any Tax Authority that are not based on a strict application of the law relating to Taxation (other than published extra-statutory concessions, statements of practice and statements of a similar nature).
- 22.7 No Group Company is liable to pay, or make reimbursement or indemnity in respect of, any Taxation payable by or chargeable on or attributable to any other person, whether in consequence of the failure by that person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to profits, income, gains or a transaction, event, omission or circumstance arising, occurring or deemed to arise or occur on or prior to the date of this Deed.
- 22.8 No Group Company has been party to any arrangements, transaction or series of transactions which it has or may become liable to notify to any Tax Authority under any legislation requiring the disclosure of tax avoidance schemes.
- 22.9 No shares or securities have been issued by any Group Company to which the provisions of Part 7 of ITEPA 2003 apply.
- 22.10 There is no charge referred to in section 237 IHTA 1984 outstanding in respect of any asset of a Group Company or the Shares.
- 22.11 Each Group Company was incorporated in and is and has for the last six years been resident only in the United Kingdom for Taxation purposes and for the purposes of any double taxation agreement. No Group Company has a branch outside the United Kingdom or any permanent establishment (as that expression is defined in the respective double taxation relief orders current at the date of this Deed) outside the United Kingdom.
- 22.12 No Group Company has in the period of six years ending on the date of this Deed been party to any non-arms length transaction or been party to any transaction or arrangement to which the provisions of section 195 TIOPA 2010 may apply.
- 22.13 Each Group Company has, throughout the period beginning three years before the Accounts Date and ending on the date of this Deed, been registered and been eligible to be registered and is a taxable person for the
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purposes of the VATA and such registration is not subject to any conditions imposed by HM Revenue and Customs. Each Group Company has complied in all material respects with the terms of all statutory provisions, regulations, directions, conditions, notices and agreements with HM Revenue and Customs relating to VAT.

- 22.14 There is no instrument to which any Group Company is a party and which is necessary to establish any Group Company's title to any asset, which is liable to stamp duty and which has not been duly stamped.
- 22.15 Within the 5 years ending on the date of this Deed, no Group Company has made any claim for relief, exemption or deferral of stamp duty, stamp duty land tax or stamp duty reserve tax.
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**SCHEDULE 3**  
**LIMITATIONS ON THE WARRANTORS' LIABILITY**

**1. MAXIMUM AND MINIMUM CLAIMS**

- 1.1 No Warrantor shall be liable in respect of a Warranty Claim:
- 1.1.1 unless the amount of any one claim, or series of claims of a similar nature, that would otherwise be recoverable from the Warrantors in respect of that Warranty Claim exceeds £180,000; and
  - 1.1.2 unless and until the amount that would otherwise be recoverable from the Warrantors in respect of that Warranty Claim, when aggregated with any other amount or amounts recoverable from the Warrantors in respect of other Warranty Claims (excluding any amounts in respect of a Warranty Claim for which the Warrantor has no liability because of paragraph 1.1.1 and disregarding for these purposes only paragraph 1.2), exceeds £1,800,000 in which case the Purchaser shall be entitled to recover all amounts resulting from those Warranty Claims and not just the excess over that sum (but, for the avoidance of doubt, in no circumstance shall the Warrantor's liability in respect of all Warranty Claims exceed the amount set out in paragraph 1.2 below).
- 1.2 Each Warrantor's total liability for all Warranty Claims (including, for the avoidance of doubt, any costs awarded against them) shall not exceed the amount set out next to his name under the column headed "Maximum Liability for Warranty Claims" in Schedule 1 (Warranties).
- 1.3 Subject always to the other limitations set out in this Schedule (including without limitation paragraph 1.2 above), where more than one Warrantor is liable for the same Warranty Claim, then those Warrantors liable for such Warranty Claim shall be liable for an amount equal to the proportion set out next to their respective names in column (3) of Schedule 1 (Warrantors).
- 1.4 Where the Purchaser has a Warranty Claim against all of the Warrantors, none of the Warrantors shall be liable for any claim unless the same Warranty Claim has been brought against and pursued in the same manner against all of the Warrantors.
- 1.5 If the Purchaser or any Group Company withdraws a Warranty Claim against any of the Warrantors, the Purchaser shall also withdraw that claim against each of the other Warrantors. If the Purchaser settles a Warranty Claim against a Warrantor, the Purchaser shall offer to the other Warrantors settlement terms which are, so far as practicable, the same (having regard to the proportion of each claim to be borne by such Warrantor (as set out next to his name in column (3) in Schedule 1 (Warrantors)), and the maximum liability of such Warrantor (as set out next to his name in column (2) in Schedule 1 (Warrantors)) as those agreed with that Warrantor with whom the Purchaser has settled.

**2. TIME LIMITS**

- 2.1 The liability of the Warrantors shall cease on the date falling, in respect of all Warranty Claims other than those relating to Tax, 12 months from the Completion Date or, in respect of those Warranty Claims relating to Tax, 48 months from the Completion Date, except in respect of any matters which before the relevant
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period expires have been the subject of a written claim made by or on behalf of the Purchaser to the Warrantors (or the Management Sellers' Representatives) within three months of the Purchaser becoming aware of any such claim, giving reasonable details of all material aspects of the claim, including (where practicable only) the Purchaser's estimate of the amount of the claim.

- 2.2 Subject to paragraph 2.3, a Warranty Claim notified in accordance with paragraph 2.1 and not satisfied, settled or withdrawn is unenforceable against a Warrantor and shall be deemed withdrawn on the expiry of the period of six months starting on the day of notification of the Warranty Claim, unless proceedings in respect of the Warranty Claim have been issued and served on the Warrantor.
- 2.3 The Warrantors shall not be liable for any Warranty Claim to the extent it arises by reason of a liability which, at the time when written notice is given to the Warrantors, is contingent only or is otherwise not capable of being quantified and the Warrantors shall not be liable to make any payment in respect of such Warranty Claim unless and until the liability becomes an actual liability or (as the case may be) becomes capable of being quantified, and the period of six months referred to in paragraph 2.2 shall start on the day that the liability ceases to be contingent or is otherwise quantified or capable of being quantified.
- 2.4 Time shall be of the essence for the purposes of this paragraph 2.

### 3. SPECIFIC LIMITATIONS

- 3.1 A Warrantor is not liable in respect of a Warranty Claim under this Deed to the extent that the fact, matter or circumstance giving rise to the Warranty Claim would not have arisen but for or the liability is increased by reason of:
    - 3.1.1 a voluntary act or omission by a Group Company after Completion outside of the ordinary course of business as carried on at Completion, otherwise than where such act or omission is carried out pursuant to any binding legal commitment entered into by a Group Company before Completion; or
    - 3.1.2 the passing of, or a change in, after the date of this Deed a law, rule, regulation, interpretation of the law (by a decision of a court or tribunal) or administrative practice of a government, governmental department, agency or regulatory body or an increase in the Tax rates or an imposition of Tax, in each case not actually or prospectively in force at the date of this Deed; or
    - 3.1.3 a breach by the Purchaser or any other member of the Purchaser's Group of its obligations under any Transaction Document.
  - 3.2 A Warrantor is not liable in respect of a Warranty Claim under this Deed to the extent that the fact, matter or circumstance giving rise to the Warranty Claim:
    - 3.2.1 has been Disclosed or otherwise of which the Purchaser is aware at the date of this Deed and which (other than any fact, matters or circumstance that has been Disclosed) the Purchaser is aware would entitle the Purchaser to make a Warranty Claim following Completion. For the purposes of this paragraph, the Purchaser shall be deemed to be aware of all matters, facts and circumstances within the knowledge of any of the Purchaser Specified Individuals, in each case having read the Disclosure
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Documents, the Reports and any additional due diligence reports prepared by its professional advisers, and made due and reasonable enquiry of each other Purchaser Specified Individual and the Purchaser's professional advisers; or

3.2.2 was specifically taken into account in computing the amount of an allowance, provision or reserve taken into account in the Locked Box Accounts; or

3.2.3 is a liability for Tax which

(a) has been paid or discharged on or before the Locked Box Date;

(b) arises as a result of the exercise of the Options and has been withheld from the Consideration

as the Option Withholding Amount; or

(c) arises after the Locked Box Date and before Completion in the ordinary course of business; or

3.2.4 is remediable and is remedied, or is otherwise compensated, at no cost to the Purchaser's Group, by the Warrantors and/or a third party (not being a member of the Purchaser's Group) within 90 days of the date on which written notice of such claim is given to the Warrantors pursuant to paragraph 2; or

3.2.5 is a Tax liability against which a Relief arising on or before the Locked Box Date (but excluding any Relief that was taken into account in the Locked Box Accounts) is available for set-off (and for the purposes of this paragraph:

(a) any Relief arising in respect of an accounting period falling partly before and partly after Completion shall be apportioned on a time basis; and

(b) any Relief that is, or would have been, so available in relation to more than one Warranty Claim, shall be deemed, so far as possible, to be used in such a way as to reduce to the maximum extent possible the Warrantor's liability under this Deed); or

3.2.6 is Leakage or Permitted Leakage.

#### 4. **DOUBLE JEOPARDY**

It is hereby agreed that:

4.1 only the Warranties set out in paragraphs 21, 22.14 and 22.15 of Schedule 2 shall apply in respect of the Properties (including in relation to all planning permissions, listed building consents, conservation area consents, building regulation approvals and completion certificates required for any works carried out at the Properties);

4.2 only the Warranties set out in paragraphs 21.7 to 21.9 of Schedule 2 shall apply in respect of Environmental and Health and Safety matters;

4.3 only the Warranties set out in paragraph 22 of Schedule 2 shall apply in respect of Taxation.

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## 5. SINGLE RECOVERY

No person may recover damages or otherwise obtain reimbursement or restitution from the Warrantors more than once in respect of the same loss in relation to a Warranty Claim or any other claim under a Transaction Document.

## 6. CONDUCT OF WARRANTY CLAIMS

6.1 If the Purchaser becomes aware of a matter which constitutes or which might give rise to a claim against the Purchaser or a Group Company or any other member of the Purchaser's Group which in turn would or might result in a Warranty Claim (including, in the case of a Warranty Claim in respect of Tax, any Assessment which might give rise to a Warranty Claim):

6.1.1 the Purchaser shall as soon as reasonably practicable give written notice to the Warrantors of the matter and/or the Assessment and shall, to the extent practicable, consult with the Warrantors with respect to the matter;

6.1.2 the Purchaser shall, and shall ensure that each Group Company and other relevant Purchaser's Group Company will, provide to the Warrantors and its advisers reasonable access to premises and personnel and to relevant assets, documents and records within its power or control for the sole purpose of investigating the matter and/or the Assessment and enabling the Warrantors to take the action referred to in paragraph 6.1.3;

6.1.3 the Warrantors (at their cost) may take copies of the documents or records, and photograph the premises or assets referred to in paragraph 6.1.2;

6.1.4 the Purchaser shall and shall ensure that each Group Company and other member of the Purchaser's Group will:

- (a) take any action and institute any proceedings, and give any information and assistance, as the Warrantors may reasonably request to:
  - (i) avoid, dispute, resist, appeal, compromise, defend, remedy or mitigate the matter or, in the case of a claim relating to Tax, postpone any payment of Tax concerned; or
  - (ii) enforce against a person (other than a Seller or a member of the Purchaser's Group) the rights of any Group Company or other Purchaser's Group member in relation to the matter;

and in each case on the basis that the Warrantors shall indemnify the Purchaser on demand against all reasonable costs incurred by the Purchaser's Group as a result of a request or nomination by such Warrantors; and

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6.1.5 the Purchaser shall not, and shall ensure that no Group Company or other member of the Purchaser's Group will, admit liability in respect of, or compromise or settle, the matter without the prior written consent of the Warrantors (not to be unreasonably withheld or delayed).

6.2 Nothing in this paragraph 6 shall require or oblige the Purchaser or any member of the Purchaser's Group to do or omit to do anything where such action or omission would: (i) in the reasonable opinion of the Purchaser, be materially prejudicial to the goodwill of the business of any member of the Group or to the commercial interest or relationships of any member of the Group.

## **7. RECOVERY FROM ANOTHER PERSON**

7.1 If the Warrantors pay or are subject to a Warranty Claim under which they may become liable to pay and a member of the Group or Purchaser's Group subsequently recovers or is or becomes entitled to recover from another person, including an insurer (whether under the W&I policy or otherwise), an amount which is directly referable to the matter giving rise to the Warranty Claim, the Purchaser shall as soon as reasonably practicable notify the Warrantors and, if relevant, shall (at the cost of the Warrantors) procure that the relevant Group Company or member of the Purchaser's Group shall take such action as the Warrantors may reasonably require to enforce the recovery against the person in question and:

7.1.1 if the Warrantors have already satisfied their liability in full under the Warranty Claim, the Purchaser shall promptly pay to the Warrantors an amount equal to the lower of (i) the Sum Recovered and (ii) the liability under the Warranty Claim satisfied by the Warrantors; and

7.1.2 if the Warrantors have not already paid an amount in satisfaction of a Warranty Claim, the amount of the Warranty Claim for which the Warrantors would have been liable shall be reduced by and to the extent of the Sum Recovered; and

7.1.3 if the Warrantors have already part satisfied their liability under the Warranty Claim, the remainder of the liability under the Warranty Claim shall be deemed satisfied to the extent of the Sum Recovered and, if there is any balance of the Sum Recovered not required for that purpose, the Purchaser shall promptly pay to the Warrantors an amount equal to the lower of (i) that balance and (ii) the liability under the Warranty Claim satisfied by the Warrantors.

7.2 For the purposes of paragraph 6.1, "Sum Recovered" means an amount equal to the total of the amount recovered from the other person (whether by way of discount, credit, relief or otherwise) plus any interest in respect of the amount recovered from that person less all reasonable costs (including, without limitation, any Tax) incurred or suffered by a member of the Purchaser's Group in recovering or receiving the amount from that person.

## **8. INSURANCE**

8.1 The Warrantors shall not be liable for any claim if the Purchaser or any member of the Purchaser's Group or any Group Company is insured against any loss, damage or liability which is the basis of such claim under the terms of any insurance policy unless and until the insured company has made a claim against the insurers

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under such policy and that claim has been settled, agreed or otherwise determined. The amount recoverable under the claim shall be reduced by any amount which is recovered under such policy.

**9. CHANGE OF CONTROL**

Notwithstanding the other provisions of this Schedule 3 (*Limitation of Warrantors' Liability*), the Warrantors shall have no liability in respect of a claim if it is first notified to the Warrantors in accordance with paragraph 2 after the Group Company to which the claim relates has ceased to be a member of the Purchaser's Group, or all or a substantial part of the business of the Group Company to which the claim relates has been sold outside the Purchaser's Group.

**10. MITIGATION**

Nothing in this Schedule 3 (*Limitation of Warrantors' Liability*) restricts or limits the Purchaser's general obligation at law to mitigate any loss or damage which it may incur in consequence of a matter giving rise to a Warranty Claim.

**11. PRESERVATION OF INFORMATION**

The Purchaser and the Warrantors shall not, and shall use their respective reasonable endeavours to ensure that each Group Company shall not, dispose of or destroy any records, correspondence or accounts within the control of a Group company at Completion for a period of 6 years following Completion which in the reasonable opinion of a Group Company may give rise to a Warranty Claim (save that where a Warranty Claim is made, the Purchaser and the Warrantors shall each use their reasonable endeavours to ensure that any records, correspondence or accounts relevant thereto in its or his possession or control shall not knowingly and intentionally be disposed of or destroyed until such time as that Warranty Claim is finally determined).

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**THIS AGREEMENT** has been duly executed as a deed on the date first stated above.

Executed as a deed by )  
**ANDREW MORRIS** )  
in the presence of: ) /s/ Andrew Morris.....  
Name of witness: Janine Chisholm.....  
Signature of witness: /s/ Janine Chisholm.....  
Address: CMS Cameron McKenna LLP.....  
78 Cannon Street London EC4N 6AF  
Occupation: Trainee Solicitor.....

Executed as a deed by )  
**ADAM SAGE** )  
in the presence of: ) /s/ Adam Sage.....  
Name of witness: Janine Chisholm.....  
Signature of witness: /s/ Janine Chisholm .....  
Address: CMS Cameron McKenna LLP.....  
78 Cannon Street London EC4N 6AF  
Occupation: Trainee Solicitor .....

Executed as a deed by )  
**JEFF STANFORD** )  
Acting by his duly authorised attorney ADAM SAGE ) /s/ Adam Sage.....  
in the presence of: )  
Name of witness: Janine Chisholm .....  
Signature of witness: /s/ Janine Chisholm .....  
Address: CMS Cameron McKenna LLP.....  
78 Cannon Street London EC4N 6AF  
Occupation: Trainee Solicitor .....

Executed as a deed by )  
**MARTIN HINCHLIFFE** )  
Acting by his duly authorised attorney ADAM SAGE ) /s/ Adam Sage.....  
in the presence of: )  
Name of witness: Janine Chisholm .....  
Signature of witness: /s/ Janine Chisholm .....  
Address: CMS Cameron McKenna LLP.....  
78 Cannon Street London EC4N 6AF  
Occupation: Trainee Solicitor .....

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Executed as a deed by )  
**STEPHEN SAVAGE** )  
Acting by his duly authorised attorney ADAM SAGE ) /s/ Adam Sage.....  
in the presence of: )  
Name of witness: Janine Chisholm .....  
Signature of witness: /s/ Janine Chisholm .....  
Address: CMS Cameron McKenna LLP.....  
78 Cannon Street London EC4N 6AF  
Occupation: Trainee Solicitor .....

Executed as a deed by )  
**BHFS TWO LIMITED** )  
on being signed by ) /s/ Stephen Dreier.....  
Stephen Dreier..... )  
Title: Director  
in the presence of: )  
Name of witness: Elizabeth Larcano.....  
Signature of witness: /s/ Elizabeth Larcano.....  
Address: 200 Talcott Ave.....  
Watertown, MA 02472 USA.....  
Occupation: Securities Counsel .....

To: Kaupthing ehf. as Agent, Kaupthing ehf. as Security Trustee, Chestnutbay Acquisitionco Limited as Borrower, for itself and on behalf of each Obligor as Obligors' Agent

From: Kaupthing ehf. (in its capacity as Lender under the Facilities Agreement, the "**Existing Lender**") and BHFS Two Limited (the "**New Lender**")

Dated: 10<sup>th</sup> November 2016

**£58,500,000 Senior Facilities Agreement**

**originally dated 28 June 2007 as amended and restated on 1 July 2009, 25 June 2010, 25 May 2011, 23 December 2011, 10 September 2013, as amended on 8 May 2014 and as amended and restated on 29 May 2015 and 18 January 2016 and made**

**between amongst others (1) the Borrower, (2) the Existing Lender, (3) the Agent and (4) the Security Trustee (the "Facilities Agreement")**

1. We refer to the Facilities Agreement and to the Intercreditor Agreement (as defined in the Facilities Agreement). This agreement (the "**Agreement**") shall take effect as an Assignment Agreement for the purpose of the Facilities Agreement and as an Accession Deed for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement). Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement. References in this Agreement to the "**SPA**" means the sale and purchase agreement dated on 8<sup>th</sup> November 2016 pursuant to which BHFS Two Limited acquires the entire issued share capital of Conchord Limited.

*Facilities Agreement*

2. We refer to Clause 28.6 (*Procedure for assignment*):
    - (a) In consideration for the New Lender making the payment described in accordance with paragraph (b) below, with effect from the Transfer Date set out in paragraph (c) below the Existing Lender assigns absolutely to the New Lender all of the Existing Lender's Loans and related rights referred to in the Schedule, and all other rights of the Existing Lender under the Facilities Agreement and the other Finance Documents in accordance with Clause 28.6 (*Procedure for assignment*).
    - (b) In consideration for the Existing Lender assigning its Loans and related rights referred to in paragraph (a) above, the New Lender shall pay the Kaupthing Debt Consideration (as defined in the Schedule) to the Existing Lender in cash by transfer of such funds for same day value to the Sellers' Solicitors' Account (as defined in the SPA) on or before Completion (as defined in the SPA).
    - (c) The proposed Transfer Date is 10 November 2016.
    - (d) The Existing Lender is released from all the obligations of the Existing Lender that correspond to that portion of the Loans specified in the Schedule.
-

3. The New Lender expressly acknowledges the limitations on the Existing Lender's liabilities set out in Clause 28.4 (*Limitation of responsibility of Existing Lenders*) which the parties agree apply to this Assignment Agreement but not to the SPA notwithstanding which the Existing Lender represents and warrants to the New Lender that as at the Transfer Date set out in paragraph 2(c) above:
- (a) all of the Loans and related rights being assigned pursuant to this Agreement are legally and beneficially owned by the Existing Lender, free from any security, lien or option over, or agreement for sale or other disposition of, such Loans and related rights and are not subject to a sub participation whereby the Existing Lender has sub participated any of its interests in those Loans and related rights by way of funded sub participation or risk participation;
  - (b) in respect of the Loans and accrued interest thereon and related fees and charges, the balances outlined in the Schedule are true, complete and correct as at the Transfer Date set out in paragraph 2(c) above, no other Loans have been made under the Facilities Agreement and there are no other amounts due to the Existing Lender from the Borrower or any other member of the Group; and
  - (c) the Finance Documents (namely the Facilities Agreement and related Amendment and Restatement Agreements, the related Intercreditor Agreement and the Transaction Security Documents) constitute all the material terms of all the debt finance arrangements between Kaupthing ehf. and the Borrower or any other member of the Group,
- provided that the total aggregate liability of the Existing Lender for all claims under this Agreement (including the warranties set out above), shall not, in any circumstances, exceed the amount of the Kaupthing Debt Consideration received by the Existing Lender.
4. The New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is a company resident in the United Kingdom for United Kingdom tax purposes.
5. On the Transfer Date referred to in paragraph 2(c) above, the New Lender becomes:
- (a) party to the relevant Facilities Agreement as a Lender; and
  - (b) party to the Intercreditor Agreement as a Senior Lender.
6. The address and attention details for notices of the New Lender for the purposes of Clause 35.2 (*Addresses*) are set out in the Schedule.
7. The Borrower (for itself and as Obligors' Agent for the other Obligors):
- (a) confirms that it has consulted with the Existing Lender for at least 3 Business Days in accordance with Clause 28.2 (*Conditions of assignment or transfer*); and
  - (b) waives the requirement under Clause 28.1 (*Assignments and transfers by the Lenders*) that the New Lender is required to be a bank, financial institution, trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.
-

*Intercreditor Agreement*

8. We refer to clause 28.1 (*Assignments and transfers by Senior Finance Parties*) of the Intercreditor Agreement. In consideration of the New Lender being accepted as a Senior Lender for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement), the New Lender confirms that, as from the Transfer Date referred to in paragraph 2(c) above, it shall be party to the Intercreditor Agreement as a Senior Lender, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Senior Lender and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.

*Transaction Security*

9. It is expressly agreed that the security created or evidenced by the Transaction Security Documents will be preserved for the benefit of the New Lender.

*General*

10. This Agreement acts as notice to the Agent (on behalf of each Finance Party) and to the Borrower (on behalf of each Obligor) of the transfer referred to in this Agreement.
  11. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
  12. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
  13. This Agreement has been entered into on the date stated at the beginning of this Agreement.
-

## THE SCHEDULE

## LOANS AND RIGHTS TO BE TRANSFERRED

Existing Lender	Relevant Facility	Loans	Accrued interest	Fees and charges	
Kaupthing ehf.	Tranche A Facility	£34,500,000	£4,272,246.93	£0	
Kaupthing ehf.	Tranche B Facility	£10,000,000	£6,855,148.24	£0	
Kaupthing ehf.	Tranche C Facility	£10,000,000	£872,996.96	£0	
		Total Loans £54,500,000	Total accrued interest £12,000,392.13		£66,500,392.13 (such amount, the “ <b>Kaupthing Debt Consideration</b> ”)

All notices to be sent to the New Lender in respect of any Finance Document shall be sent to FAO Ann Cartwright at BHFS Two Limited, 2 Crown Court, Rushden, Northamptonshire NN10 6BS and by email to [Ann.Cartwright@brighthorizons.com](mailto:Ann.Cartwright@brighthorizons.com).

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SIGNATORIES

Executed by )  
**KAUPTHING ehf.** (as Existing Lender) )  
 )  
 )  
 )  
 ) /s/ Peter Ward.....  
 on being signed by ) Duly Authorised Signatory

Peter Ward..... )  
 who, in accordance with the laws of the territory under which Kaupthing ehf. is incorporated, is acting under the authority of Kaupthing ehf. in the presence of: )

Signature of witness: /s/ Janine Chisholm  
 Name: Janine Chisholm  
 Address: CMS Cameron  
 McKenna LLP  
 78 Cannon Street  
 London  
 EC4N 6AF  
 Occupation: Trainee Solicitor

This Agreement is accepted as an Assignment Agreement for the purposes of the Facilities Agreement by the Agent, and as an Accession Deed for the purposes of the Intercreditor Agreement by the Security Trustee and the Transfer Date is confirmed as [ ] 2016.

Signature of this Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the transfer referred to in this Agreement, which notice the Agent receives on behalf of each Finance Party.

---

Executed by )

**KAUPTHING ehf.** (as Agent) )

)

)

) /s/ Peter Ward.....

on being signed by )

Duly Authorised Signatory

Peter Ward..... )

who, in accordance with the laws of the territory under which Kaupthing ehf. is incorporated, is acting under the authority of Kaupthing ehf. in the presence of: )

Signature of witness: /s/ Janine Chisholm

Name: Janine Chisholm

Address: CMS Cameron  
McKenna LLP  
78 Cannon Street  
London  
EC4N 6AF

Occupation: Trainee Solicitor



Executed by )  
 )  
**KAUPTHING ehf.** (as Security Trustee) )

)  
)  
)  
)

on being signed by )

Peter Ward..... )  
who, in accordance with the laws of the territory under which Kaupthing ehf. is incorporated, is acting under the authority of Kaupthing ehf. in the presence of: )

/s/ Peter Ward.....

Duly Authorised Signatory

Signature of witness: /s/ Janine Chisholm

Name: Janine Chisholm

Address: CMS Cameron  
McKenna LLP  
78 Cannon Street  
London  
EC4N 6AF

Occupation: Trainee Solicitor





Executed as a deed by )

**BHFS Two Limited** (as New Lender) )

/s/ Stephen Dreier.....

)  
Duly Authorised Signatory

on being signed by )

Stephen Dreier..... )

in the presence of: )

Signature of witness: /s/ Elizabeth Larcano

Name: Elizabeth Larcano

Address: 200 Talcott Ave.  
Watertown, MA 02472  
USA

Occupation: Securities Counsel

Executed as a deed by )

**Chestnutbay Acquisitionco Limited** (as Borrower and as Obligors' )  
Agent for the other Obligors) )

/s/ Andrew Morris.....

)  
Duly Authorised Signatory

on being signed by )

Andrew Morris..... )

in the presence of: )

Signature of witness: /s/ Janine Chisholm

Name: Janine Chisholm

Address: CMS Cameron  
McKenna LLP  
78 Cannon Street  
London  
EC4N 6AF

Occupation: Trainee Solicitor

**Bright Horizons Family Solutions Inc. and Subsidiaries**  
**As of December 31, 2016**

<b>Entity</b>	<b>Jurisdiction</b>
Bright Horizons Family Solutions Inc.	Delaware
Bright Horizons Capital Corp.	Delaware
Bright Horizons Family Solutions LLC	Delaware
CorporateFamily Solutions LLC	Tennessee
Bright Horizons LLC	Delaware
Bright Horizons Children's Centers LLC	Delaware
ChildrenFirst LLC	Massachusetts
Resources in Active Learning	California
Edlink, LLC.	Delaware
Hildebrandt Learning Centers, LLC	Pennsylvania
Children's Choice Learning Centers, Inc.	Nevada
Children's Choice SB Corporation	Nevada
Children's Choice Missouri Corporation I	Missouri
Children's Choice Missouri Corporation II	Missouri
Children's Choice North Carolina Corporation I	North Carolina
Children's Choice Pennsylvania Corporation I	Pennsylvania
Children's Choice Tennessee Corporation I	Tennessee
Children's Choice Nevada Property, L.L.C.	Nevada
UVP Holdings, LLC	Delaware
UVP Operating, LLC	Delaware
College Nannies & Tutors Development, Inc.	Minnesota
BHFS One Limited	United Kingdom
BHFS Two Limited	United Kingdom
Bright Horizons Family Solutions, Ltd.	United Kingdom
Casterbridge Care and Education Ltd	United Kingdom
Kids (Warrington and Luton) Limited	United Kingdom
Kids Properties Limited	United Kingdom
Nursery Education for Employment Development Limited	United Kingdom
Bright Horizons Livingston, Ltd.	Scotland
Huntyard Ltd.	Jersey
Active Learning Childcare (Guernsey) Limited	United Kingdom
The Phoenix Day Nursery Limited	United Kingdom
Fran N Bru Limited	United Kingdom
Conchord Limited	United Kingdom
Chestnutbay Acquisitionco Limited	United Kingdom
Chestnutbay Limited	United Kingdom
Acorndrive Limited	United Kingdom
Acorndrift Limited	United Kingdom
Asquith Court Holdings Limited	United Kingdom
Goosebrook Limited	United Kingdom
Rivertide Day Nurseries Limited	United Kingdom
Cheshire Plato LLP (1)	United Kingdom
Asquith Court Nurseries Limited	United Kingdom
Asquith Nannies Limited	United Kingdom
Asquith Nurseries Limited	United Kingdom
Asquith Nurseries Developments Limited	United Kingdom

Entity	Jurisdiction
Kinderstart Day Nurseries Limited	United Kingdom
Bobby's Playhouse Limited	United Kingdom
Four Seasons Nurseries (Scotland) Limited	United Kingdom
Four Seasons at Spectrum Limited	United Kingdom
Four Seasons at Skypark Limited	United Kingdom
Hickory House Children's Day Nursery Limited	United Kingdom
Allgold Investments Limited	United Kingdom
Norfolk Lodge School Limited	United Kingdom
Le Club Frere Jacques Limited	United Kingdom
Muddy Puddles Childcare Limited	United Kingdom
Bishopbriggs Childcare Centre Limited	United Kingdom
Pegasus Childcare Limited	United Kingdom
Bright Horizons B.V.	Netherlands
Kindergarden Nederland B.V.	Netherlands
Bright Horizons Child Care Services Private Limited (2)	India
Bright Horizons Family Solutions Ltd. (3)	Canada
BHFS Three Limited	Ireland
Bright Horizons Family Solutions Ireland, Limited	Ireland
Allmont, Limited	Ireland
Bright Horizons Corp.	Puerto Rico

- (1) Owned 99.9% by Acordrift Limited and 0.01% by Asquith Court Holdings Limited
- (2) 9,999 shares owned by Bright Horizons B.V., 1 share owned by BHFS Two Limited.
- (3) Stock is held 15% by Bright Horizons Family Solutions LLC and 85% by ChildrenFirst LLC.

In accordance with Item 601(b)(21) of Regulation S-K, the Company has omitted from this Exhibit list the names of certain dormant subsidiaries.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-186193 and 333-193066 on Form S-8 and No. 333-194790 on Form S-3 of our reports dated March 1, 2017, relating to the consolidated financial statements of Bright Horizons Family Solutions Inc. and subsidiaries and the effectiveness of Bright Horizons Family Solutions Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Bright Horizons Family Solutions Inc. for the year ended December 31, 2016.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts

March 1, 2017

**CERTIFICATION PURSUANT TO  
SECURITIES EXCHANGE ACT RULES 13a-14 and 15d-14  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Lissy, certify that:

1. I have reviewed this annual report on Form 10-K of Bright Horizons Family Solutions Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2017

/s/ David Lissy

David Lissy

Chief Executive Officer

**CERTIFICATION PURSUANT TO  
SECURITIES EXCHANGE ACT RULES 13a-14 and 15d-14  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Elizabeth Boland, certify that:

1. I have reviewed this annual report on Form 10-K of Bright Horizons Family Solutions Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2017

/s/ Elizabeth Boland  
\_\_\_\_\_  
Elizabeth Boland  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Bright Horizons Family Solutions Inc. (the "Company") on Form 10-K for the period ending December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Lissy, as the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 1, 2017

/s/ David Lissy

David Lissy\*

Chief Executive Officer

\* A signed original of this written statement required by Section 906 has been provided to Bright Horizons Family Solutions Inc. and will be retained by Bright Horizons Family Solutions Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Bright Horizons Family Solutions, Inc. (the "Company") on Form 10-K for the period ending December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elizabeth Boland, as the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 1, 2017

/s/ Elizabeth Boland

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Elizabeth Boland\*

Chief Financial Officer

\* A signed original of this written statement required by Section 906 has been provided to Bright Horizons Family Solutions Inc. and will be retained by Bright Horizons Family Solutions Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.



