

UNITED STATES  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-K**

**(Mark One)**

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

For the fiscal year ended December 31, 2013 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: 000-26489

**ENCORE CAPITAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

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

**48-1090909**  
(IRS Employer  
Identification No.)

**3111 Camino Del Rio North, Suite 1300 San Diego, California**  
(Address of principal executive offices)

**92108**  
(Zip code)

**(877) 445-4581**  
(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$.01 Par Value Per Share	The NASDAQ Stock Market LLC

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 is not contained herein, and will not be contained, to the best of 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  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 voting stock held by non-affiliates of the registrant totaling 23,333,327 shares was approximately \$772,566,457 at June 28, 2013, based on the closing price of the common stock of \$33.11 per share on such date, as reported by the NASDAQ Global Select Market.

The number of shares of our Common Stock outstanding at February 3, 2014, was 25,482,713.

**Documents Incorporated by Reference**

Portions of the registrant's proxy statement in connection with its annual meeting of stockholders to be held in 2014 are incorporated by reference in Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

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## PART I

### Item 1—Business

#### An Overview of Our Business

##### *Nature of Our Business*

We are an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of financial assets.

##### Portfolio Purchase and Recovery Business

We purchase portfolios of defaulted consumer receivables at deep discounts to face value and manage them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers' unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings. Through certain subsidiaries, we are a market leader in portfolio purchasing and recovery in the United States.

In June 2013, we completed our merger with Asset Acceptance Capital Corp. ("AACC"), another leading provider of debt recovery solutions in the United States (the "AACC Merger").

In July 2013, we acquired control of United Kingdom-based Cabot Credit Management Limited ("Cabot"), which is a market leader in debt management in the United Kingdom specializing in portfolios consisting of higher balance, "semi-performing" accounts (*i.e.*, debt portfolios in which over 50% of accounts have made a payment in three of the last four months immediately prior to the portfolio purchase).

In December 2013, we acquired a majority ownership interest in Refinancia S.A. ("Refinancia"), a market leader in the management of non-performing loans in Colombia and Peru. In addition to purchasing defaulted receivables, Refinancia offers portfolio management services to banks for non-performing loans. Refinancia also specializes in non-traditional niches in the geographic areas in which it operates, including providing financial solutions to individuals who have previously defaulted on their obligations, payment plan guarantee services to merchants and loan guarantee services to financial institutions.

On February 7, 2014, Cabot acquired Marlin Financial Group Limited ("Marlin"), a leading acquirer of non-performing consumer debt in the United Kingdom. Marlin is differentiated by its proven competitive advantage in the use of litigation-enhanced collections for non-paying financial services receivables, which we believe complements Cabot's management of semi-performing accounts.

On February 22, 2014, we agreed to acquire a majority ownership interest in Grove Holdings ("Grove"), through its subsidiaries a leading specialty investment firm focused on consumer non-performing loans, including insolvencies in the United Kingdom (in particular, individual voluntary arrangements, or IVAs) and non-bank receivables in Spain. The transaction is subject to regulatory approval and is anticipated to close in the first quarter of 2014.

Our portfolio purchase and recovery business now includes accounts originated in the United States, the United Kingdom, Ireland, Colombia and Peru. Accounts originated in the United States are serviced through our call centers in the United States, India and Costa Rica. Beginning in January 2014, our India call center also began to service Cabot's United Kingdom accounts. Throughout this Annual Report on Form 10-K, when we refer to our United States operations, we include accounts originated in the United States that are serviced through our call centers in the United States, India and Costa Rica. When we refer to our United Kingdom operations, we are referring to accounts originated in the United Kingdom and Ireland through Cabot. To date, our operating results from Refinancia's Colombia and Peru operations are immaterial to our total consolidated operating results.

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### Tax Lien Business

Through our subsidiary, Propel Financial Services, LLC and its subsidiaries (collectively, “Propel”), we assist Texas and Nevada property owners who are delinquent on their property taxes by paying these taxes on behalf of the property owners in exchange for payment agreements collateralized by a tax lien on the property. Through Propel, we also purchase tax liens directly from taxing authorities in various other states.

The foundation of our success and our commitment to future growth is our people, our organizational agility and our integrity. This foundation supports strengths in four key areas, which we refer to as our pillars:

- **Superior Analytics**, characterized by extensive investment in data and behavioral science and the employment of sophisticated analytics to drive effective predictive modeling;
- **Operational Scale and Cost Leadership**, driven by our specialized call centers, efficient international operations and continuing expansion of our internal legal platform;
- **Strong Capital Stewardship**, characterized by our sustained ability to raise and deploy capital prudently; and
- **Extendable Business Model**, driven by our scalable platform, supporting strategic investment opportunities in new asset classes and geographic areas.

Although we have enabled over two million consumers to retire a portion of their outstanding debt since 2007, one of the debt collection industry’s most formidable challenges is that many financially distressed consumers will never make a payment, much less retire their total debt obligation. In fact, we generate payments from fewer than one percent of our accounts every month. To address these challenges, we evaluate portfolios of receivables that are available for purchase using robust, account-level valuation methods, and we employ proprietary statistical and behavioral models across all our operations. We believe these business practices contribute to our ability to value portfolios accurately, avoid buying portfolios that are incompatible with our methods or goals, and align the accounts we purchase with our operational channels to maximize future collections. We also have one of the industry’s largest financially distressed consumer databases. We believe that our specialized knowledge, along with our investments in data and analytic tools, have enabled us to realize significant returns from the receivables we have acquired. We maintain strong relationships with many of the largest credit and telecommunication providers in the United States, and believe that we possess one of the industry’s best collection staff retention rates. In addition, through Cabot and Refinancia, we maintain strong relationships with many of the largest financial services providers in the United Kingdom and the Latin American markets we service.

### **Seasonality**

#### United States

While seasonality does not have a material impact on our portfolio purchasing and recovery segment, collections are generally strongest in our first calendar quarter, slower in the second and third calendar quarters, and slowest in the fourth calendar quarter. Relatively higher collections in the first quarter could result in a lower cost-to-collect ratio compared to the other quarters, as our fixed costs are constant and applied against a larger collection base. The seasonal impact on our business may also be influenced by our purchasing levels, the types of portfolios we purchase, and our operating strategies.

Collection seasonality with respect to our portfolio purchasing and recovery segment can also affect revenue as a percentage of collections, also referred to as our revenue recognition rate. Generally, revenue for each pool group declines steadily over time, whereas collections can fluctuate from quarter to quarter based on seasonality, as described above. In quarters with lower collections (*e.g.*, the fourth calendar quarter), the revenue recognition rate can be higher than in quarters with higher collections (*e.g.*, the first calendar quarter).

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In addition, seasonality could have an impact on the relative level of quarterly earnings. In quarters with stronger collections, total costs are higher as a result of the additional efforts required to generate those collections. Since revenue for each pool group declines steadily over time, in quarters with higher collections and higher costs (*e.g.*, the first calendar quarter), all else being equal, earnings could be lower than in quarters with lower collections and lower costs (*e.g.*, the fourth calendar quarter). Additionally, in quarters where a greater percentage of collections come from our legal and agency outsourcing channels, cost to collect will be higher than if there were more collections from our internal collection sites.

### United Kingdom

While seasonality does not have a material impact on Cabot's operations, collections are generally strongest in the second and third calendar quarters and slower in the first and fourth quarters, largely driven by the impact of the December holiday season and the New Year holiday, and the related impact on customers' ability to repay their balances. This drives a higher level of plan defaults over this period, which are typically repaired across the first quarter of the following year. The August vacation season in the United Kingdom also has an unfavorable effect on the level of collections, but this is traditionally compensated for by higher collections in July and September.

### **Operating Segments**

We conduct business through two reportable segments: portfolio purchasing and recovery and tax liens. Financial information regarding our operating segments and geographic operations is set forth in Note 15 "Segment Information" to our consolidated financial statements.

### **Company Information**

We were incorporated in Delaware in 1999. Our headquarters is located at 3111 Camino Del Rio North, Suite 1300, San Diego, California 92108 and our telephone number is (877) 445-4581. Investors wishing to obtain more information about us may access the Investors section of our Internet site at <http://www.encorecapital.com>. The site provides access, free of charge, to relevant investor related information, such as Securities and Exchange Commission ("SEC") filings, press releases, featured articles, an event calendar, and frequently asked questions. SEC filings are available on our Internet site as soon as reasonably practicable after being filed with, or furnished to, the SEC. The content of our Internet site is not incorporated by reference into this Annual Report on Form 10-K. Any materials that we filed with the SEC may also be read and copied 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. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (<http://www.sec.gov>).

### **Our Competitive Advantages**

*Analytic Strength.* We believe that success in our portfolio purchase and recovery business depends on our ability to establish and maintain an information advantage. Leveraging an industry-leading financially distressed consumer database, our in-house team of statisticians, business analysts, and software programmers have developed, and continually enhance, proprietary behavioral and valuation models, custom software applications, and other business tools that guide our portfolio purchases. Moreover, our collection channels are informed by powerful statistical models specific to each collection activity, and each year we deploy significant capital to purchase credit bureau and customized consumer data that describe demographic, account level, and macroeconomic factors related to credit, savings, and payment behavior.

*Consumer Intelligence.* At the core of our analytic approach is a focus on understanding, measuring, and predicting financially distressed consumer behavior. In this effort, we apply tools and methods from statistics, psychology, economics, and management science across the full extent of our business. During portfolio

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valuation, we use an internally developed and proprietary family of statistical models that determines the likelihood and expected amount of payment for each consumer within a portfolio. Subsequently, the expectations for each account are aggregated to arrive at a portfolio-level liquidation solution and a valuation for the entire portfolio is determined. During the collection process, we apply our “willingness-capability” framework, which allows us to match our collection approach to an individual consumer’s payment behavior.

*Cost Leadership.* Cost efficiency is central to our collection and purchasing strategies. We experience considerable cost advantages, stemming from our operations in India and Costa Rica, our enterprise-wide, activity-level cost database, and the development and implementation of operational models that enhance profitability. We believe that we are the only company in our industry with a successful, late-stage collection platform in India. This cost-saving, first-mover advantage helps to reduce our call center variable cost-to-collect.

*Principled Intent.* We strive to treat consumers with respect, compassion, and integrity. From discounts and payment plans to hardship solutions, we work with our consumers as they attempt to return to financial health. We are committed to dialogue that is honorable and constructive, and hope to play an important and positive role in our consumers’ financial recovery.

### **Our Strategy**

We have implemented a business strategy that emphasizes the following elements:

*Extend our knowledge about financially distressed consumers.* We believe our investments in data, analytic tools, and expertise related to both general and financially distressed consumer behavior provide us with a competitive advantage. In addition to rigorous data collection practices that take advantage of our unique relationship with financially distressed consumers, our consumer intelligence program focuses on segmentation, marketing communications, and original research conducted in partnership with experts from both industry and academia. We believe this work will continue to bolster our operational success while fueling our efforts to address questions of broad interest to consumers and policy-makers through innovation, good science, and principled intent.

*Grow an international specialty finance company.* We believe we are well-positioned to take a leading role, worldwide in the distressed debt and subprime consumer financial sectors. Our current footprint includes our industry-leading U.S. and U.K. core debt recovery businesses, our entrance into the Latin American debt market through our Refinancia subsidiary, our tax lien business at Propel, and our international operations through our India and Costa Rica locations.

In addition, we are constantly evaluating additional investments in, or acquisitions of, complementary companies in order to expand into new geographic markets or new types of defaulted consumer receivables, add capacity to our current business lines, and leverage our knowledge of the financially distressed consumer. We believe that our existing underwriting and collection processes can be extended to a variety of consumer receivables and, as portfolio prices fluctuate and the complexity of our industry continues to increase, we expect that our international operations will continue to provide a significant competitive advantage. These capabilities may allow us to develop and provide complementary products or services to specified financially distressed consumer segments. For example, our Refinancia subsidiary provides financial solutions to individuals who have previously defaulted on their obligations, payment plan guarantee services to merchants and loan guarantee services to financial institutions.

*Deliver top-quartile Total Shareholder Return.* The foundation of our success is our superior management team, ability to learn and evolve as an organization, and commitment to operating with principled intent. This foundation supports strengths in four key areas, which we refer to as our pillars: superior analytics, operational scale and cost leadership (including specialized call centers and our internal legal platform), strong capital stewardship, and an extendable business model (supporting strategic investments in new asset classes and

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geographic areas). In turn, we believe these core capabilities position us to deliver strong growth, competitive margins, and strong cash flows. Taken together, we believe these elements will align our business, investor, and financial strategies and allow us to drive top quartile shareholder return.

*Safeguard and promote consumer financial health.* We believe that our interests, and those of the financial institutions from which we purchase portfolios, are closely aligned with the interests of government agencies seeking to protect consumer rights. Accordingly, and guided by our Consumer Bill of Rights, we expect to continue investing in infrastructure and processes that support consumer advocacy and financial literacy while promoting an appropriate balance between corporate and consumer responsibility.

### **Acquisition of Portfolio Purchase and Recovery Receivables**

We provide sellers of delinquent receivables liquidity and immediate value through the purchase of charged-off consumer receivables. We believe that we are an appealing partner for these sellers given our financial strength, focus on principled intent, and track record of financial success.

#### United States

*Identify purchase opportunities.* We maintain relationships with some of the largest credit originators and portfolio resellers of charged-off consumer receivables in the United States. We identify purchase opportunities and secure, where possible, exclusive negotiation rights. We believe that we are a valued partner for credit originators and portfolio resellers from whom we purchase portfolios, and our ability to secure exclusive negotiation rights is typically a result of our strong relationships and our purchasing scale. Receivable portfolios are sold either through a general auction, where the seller requests bids from market participants, or through an exclusive negotiation, where the seller and buyer negotiate a sale privately. The sale transaction can be either for a one-time spot purchase or for a “forward flow” contract. A “forward flow” contract is a commitment to purchase receivables over a duration that is typically three to twelve months with specifically defined volume, frequency, and pricing. Typically, these forward flow contracts have provisions that allow for early termination or price re-negotiation should the underlying quality of the portfolio deteriorate over time or if any particular month’s delivery is materially different than the original portfolio used to price the forward flow contract. We generally attempt to secure forward flow contracts for receivables because a consistent volume of receivables over a set duration can allow us more precision in forecasting and planning our operational needs.

*Evaluate purchase opportunities using account-level analytics.* Once a portfolio of interest is identified, we obtain detailed information regarding the portfolio’s accounts, including certain information regarding the consumers themselves. We then purchase additional information for the consumers whose accounts we are contemplating purchasing, including credit, savings, or payment behavior. Our Decision Science team, responsible for asset valuation, statistical analysis, and forecasting, then analyzes this information to determine the expected value of each potential new consumer. Our collection expectations are based on these demographic data, account characteristics, and economic variables, which we use to predict a consumer’s willingness and ability to repay his or her debt. The expected value of collections for each account is aggregated to calculate an overall value for the portfolio. Additional adjustments are made to account for qualitative factors that may affect the payment behavior of our consumers (such as prior collection activities, or the underwriting approach of the seller), and servicing related adjustments to ensure our valuations are aligned with our operations.

*Formal approval process.* Once we have determined the value of the portfolio and have completed our qualitative diligence, we present the purchase opportunity to our investment committee, which either sets the maximum purchase price for the portfolio based on a corporate Internal Rate of Return (“IRR”) or other strategic objectives or declines to bid. Members of the investment committee include our Chief Executive Officer, Chief Financial Officer, other members of our senior management team, and experts, as needed.

We believe long-term success is best achieved by combining a diverse asset sourcing approach with an account-level scoring methodology and a disciplined evaluation process.

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### United Kingdom

Through Cabot, we maintain strong relationships with many of the largest financial service providers in the United Kingdom. Cabot primarily acquires receivable portfolios in negotiated spot transactions, but it also participates in auctions on occasion. In addition, Cabot purchases a small number of portfolios by entering into forward flow agreements, although it has substantially moved away from these arrangements.

When Cabot identifies a portfolio of interest, it evaluates account-level information and performs due diligence to evaluate certain features of the portfolio. Cabot next applies its proprietary, highly automated portfolio pricing models to further evaluate the portfolio, using separate models depending on the type of account: a paying model for semi-performing accounts and a regression model for non-performing accounts. Using its substantial database of account holder information, Cabot carries out additional statistical analysis that is customized to evaluate specific repayment characteristics to further evaluate the accounts. The results of due diligence and the outputs of the pricing models and data analysis is presented to Cabot's pricing committee, which then decides whether to make an indicative bid for the portfolio. If, following the indicative bid, Cabot is short-listed by the vendor, it then conducts further due diligence on the portfolio and refines its analysis. Following this additional due diligence, the pricing committee decides whether to submit a final binding offer for the portfolio.

All purchases require approval by the pricing committee. Cabot's pricing committee includes its Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. In addition, representatives from Encore and J.C. Flowers & Co. LLC participate in all material pricing decisions. We believe that Cabot's significant industry and management experience enable it to make informed decisions about the portfolios we acquire through it.

### ***Portfolio Purchase and Recovery Collection Approach***

#### United States

We expand and build upon the insight developed during our purchase process when developing our account collection strategies for portfolios we have acquired. Our proprietary consumer-level collectability analysis is the primary determinant of whether an account is actively serviced post-purchase. Generally, we pursue collection activities on only a fraction of the accounts we purchase, through one or more of our collection channels. The channel identification process is analogous to a decision tree where we first differentiate those consumers who we believe are unable to pay from those who we believe are able to pay. Consumers who we believe are financially incapable of making any payments, or are facing extenuating circumstances or hardships that would prevent them from making payments, are excluded from our collection process. It is our practice to assess each consumer's willingness to pay through analytics, phone calls and/or letters. Despite our efforts to reach consumers and work out a settlement option, only a small number of consumers who we contact choose to engage with us. Those who do are often offered discounts on their obligations or are presented with payment plans that are intended to suit their needs. However, the majority of consumers we contact ignore our calls and our letters and we must then make the decision about whether to pursue collections through legal action. Throughout our ownership period, we periodically refine our collection approach to determine the most effective collection strategy to pursue for each account. These strategies consist of:

- **Inactive**. We strive to use our financial resources judiciously and efficiently by not deploying resources on accounts where the prospects of collection are remote. For example, for accounts where we believe that the consumer is currently unemployed, overburdened by debt, incarcerated, or deceased, no collection method of any sort is assigned.
- **Direct Mail**. We develop innovative, low-cost mail campaigns offering consumers appropriate discounts to encourage settlement of their accounts.
- **Call Centers**. We maintain domestic collection call centers in San Diego, California, Phoenix, Arizona, St. Cloud, Minnesota, and Warren, Michigan and international call centers in Gurgaon, India and San



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Jose, Costa Rica. Call centers generally consist of multiple collection departments. Account managers supervised by group managers are trained and divided into specialty teams. Account managers assess our consumers' willingness and capacity to pay. They attempt to work with consumers to evaluate sources and means of repayment to achieve a full or negotiated lump sum settlement or develop payment programs customized to the individual's ability to pay. In cases where a payment plan is developed, account managers encourage consumers to pay through automatic payment arrangements. During our new hire training period, we educate account managers to understand and apply applicable laws and policies that are relevant in the account manager's daily collection activities. Our ongoing training and monitoring efforts help ensure compliance with applicable laws and policies by account managers.

- Skip Tracing. If a consumer's phone number proves inaccurate when an account manager calls an account, or if current contact information for a consumer is not available at the time of account purchase, then the account is automatically routed to our skip tracing process. We currently use a number of different skip tracing companies to provide phone numbers and addresses.
- Legal Action. We generally refer accounts for legal action where the consumer has not responded to our direct mail efforts or our calls and it appears the consumer is able, but unwilling, to pay his or her obligations. When we decide to pursue legal action, we place the account into our internal legal channel or refer them to our network of retained law firms. If placed to our internal legal channel, management in that channel will evaluate the accounts and make the final determination whether to pursue legal action. If referred to our network of retained law firms, we rely on our law firms' expertise with respect to applicable debt collection laws to evaluate the accounts placed in that channel in order to make the decision about whether or not to pursue collection litigation. Prior to engaging an external collection firm, we evaluate the firm's compliance with consumer credit laws and regulations, operations, financial condition, and experience, among other key criteria. The law firms we have hired may also attempt to communicate with the consumers in an attempt to collect their debts prior to initiating litigation. We pay these law firms a contingent fee based on amounts they collect on our behalf.
- Third-Party Collection Agencies. We selectively employ a strategy that uses collection agencies. Collection agencies receive a contingent fee for each dollar collected. Generally, we use these agencies on accounts when we believe they can liquidate better or less expensively than we can or to supplement capacity in our internal call centers. We also use agencies to initially provide us a way to scale quickly when large purchases are made and as a challenge to our internal call center collection teams. Prior to engaging a collection agency, we evaluate, among other things, those aspects of the agency's business that we believe are relevant to its performance and compliance with consumer credit laws and regulations.
- Sale. We do not resell accounts to third parties in the ordinary course of our business.

### United Kingdom

Cabot uses insights discovered during its purchasing process to build account collection strategies. Cabot's proprietary consumer-level collectability analysis is the primary determinant of how an account will be serviced post-purchase. Cabot continuously refines this analysis to determine the most effective collection strategy to pursue for each account it owns. In recent years, Cabot has concentrated on buying portfolios that are described as semi-performing in which over 50% of accounts have made a payment in three of the last four months immediately prior to the portfolio purchase. Cabot will try to establish contact with these consumers in order to transfer payment arrangements and gauge the willingness of these consumers to pay. Consumers who Cabot believes are financially incapable of making any payments, those having negative disposable income, or those experiencing hardship (such as medical issues or mental incapacity), are handled outside of normal collections processes.

The remaining pool of accounts then receives further evaluation. At that point, Cabot analyzes and determines a consumer's perceived willingness to pay. Based on that analysis, Cabot pursues collections through

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letters and/or phone calls to its consumers. Where contact is made and consumers indicate a willingness to pay, a patient approach of forbearance is applied using regulatory protocols within the United Kingdom to assess affordability and ensure that repayment plans are fair and balanced and therefore sustainable. Where the customer is unwilling to pay, Cabot refers the account to the appropriate escalation point in the collection process, which may include its internal debt collection agency or a third-party collection agency or legal action. Historically, legal action was only used by Cabot as a last-resort collection strategy and was typically outsourced to third parties. The acquisition of Marlin now provides Cabot with robust internal legal collection capabilities. Like Cabot, Marlin uses analytics to segment accounts and determine a consumer's willingness and ability to pay. We believe the combined Cabot and Marlin organization will have the opportunity to further improve account collection strategies by sharing industry expertise and addressing consumers across the entire willingness to pay spectrum.

### ***Tax Lien Business***

Propel's principal activities are the acquisition and servicing of residential and commercial tax liens on real property. These liens take priority over most other liens. By funding tax liens, Propel provides state and local taxing authorities and governments with much needed tax revenue. To the extent permitted by local law, Propel works with property owners to structure affordable payment plans designed to allow them to keep their property while paying their property tax obligation over time. Propel maintains a foreclosure rate of less than one-half of one percent.

Propel's receivables secured by property tax liens include Texas tax liens, Nevada tax liens, and tax lien certificates (collectively, "Tax Liens"). With Texas and Nevada Tax Liens, Texas or Nevada property owners choose to have the taxing authority transfer their tax lien to Propel. Propel pays their tax lien obligation to the taxing authority and the property owner pays Propel over time at a lower interest rate than was being assessed by the taxing authority. Propel's arrangements with Texas and Nevada property owners provide them with repayment plans that are both affordable and flexible when compared with other payment options. Propel also purchases Tax Liens in various other states directly from taxing authorities, securing rights to future property tax payments, interest, and penalties. In most cases, these Tax Liens continue to be serviced by the taxing authority. When the taxing authority is paid, it repays Propel the outstanding balance of the lien plus interest, which is established by statute or negotiated at the time of the purchase.

Based in San Antonio, Texas, Propel is the largest tax lien company in the state of Texas.

### ***Enterprise Risk Management and Legal Oversight***

#### United States

Our compliance and legal oversight functions are divided between our legal and enterprise risk management departments. Our legal department manages regulatory oversight, litigation, corporate transactions, and compliance with our internal ethics policy, while our enterprise risk management department manages risk assessment, regulatory compliance, and internal audit.

The legal department is responsible for interpreting and administering our Standards of Business Conduct (the "Standards"), which apply to all of our directors, officers, and employees and outlines our commitment to a culture of professionalism and ethical behavior. The Standards promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, compliance with applicable laws, rules and regulations, and full and fair disclosure in reports that we file with, or submit to, the SEC and in other public communications made by us. As described in the Standards, we have also established a toll-free Accounting and Fraud Hotline to allow directors, officers, and employees to report any detected or suspected fraud, misappropriations, or other fiscal irregularities, any good faith concern about our accounting and/or auditing practices, or any other violations of the Standards.

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We continually monitor applicable changes to laws governing statutes of limitations and disclosures to consumers. We maintain policies, system controls, and processes designed to ensure that accounts past the applicable statute of limitations do not get placed into legal collections. Additionally, in written and verbal communications with consumers, we provide disclosures to the consumer that the account is past its applicable statute of limitations and, therefore, we will not pursue collections through legal means.

The enterprise risk management department is responsible for the development and administration of internal policies, procedures and controls which apply to all of our business units. The team manages and tests our Sarbanes Oxley Section 404 compliance. The team also performs periodic risk assessments and audits to evaluate the level of compliance to both regulations and standards of internal control for both internal operations and vendors/outsourcers.

Beyond written policies, one of our core internal goals is the adherence to principled intent as it pertains to all consumer interactions. We believe that it is in our shareholders' and our employees' best interest to treat all consumers with the highest standards of integrity. Specifically, we have strict policies and a code of ethics, which guide all dealings with our consumers. To reinforce existing written policies, we have established a number of quality assurance procedures. Through our Quality Assurance program, our Fair Debt Collection Practices Act training for new account managers, our Fair Debt Collection Practices Act recertification program for continuing account managers, and our Consumer Support Services department, we take significant steps to ensure compliance with applicable laws and regulations and seek to promote consumer satisfaction. Our Quality Assurance team aims to enhance the skills of account managers and to drive compliance initiatives through active call monitoring, account manager coaching and mentoring, and the tracking and distribution of company-wide best practices. Finally, our Consumer Support Services department works directly with consumers to seek to resolve incoming consumer inquiries and to respond to consumer disputes as they may arise.

### United Kingdom

Cabot has established a compliance framework, operational procedures and governance structures to enable it to conduct business in accordance with applicable rules, regulations, and guidelines. Cabot's employees undergo comprehensive training on legal and regulatory compliance, and Cabot engages in regular call monitoring checks, data checks, performance reviews and other operational reviews to ensure compliance with company guidelines. The laws and regulations under which Cabot operates have at their core the fair treatment of consumers, which is embedded within Cabot's processes and culture.

### **Information Technology**

*Technical Infrastructure.* Our internal network has been configured to be redundant in all critical functions, at all sites. This backup system has been implemented within the local area network switches and the data center network, and includes our redundant Multiprotocol Label Switching (MPLS) networks. We have the capability to handle high transaction volume in our server network architecture, which can be scaled seamlessly with our future growth plans.

*Predictive Dialer Technology.* Our upgraded predictive dialer technology continues to accommodate the ongoing expansion of our call centers. The technology allows additional call volume capacity and greater efficiency through shorter wait times and an increase in the number of live contacts. We believe this technology helps maximize account manager productivity and further optimizes the yield on our portfolio purchases. We also believe that the use of predictive dialing technology helps us to ensure compliance with certain applicable federal and state laws in the United States that restrict the time, place, and manner in which debt collectors can call consumers.

*Computer Hardware.* We use a robust computer platform to perform our daily operations, including the collection efforts of our global workforce. Because our custom software applications are integrated within our

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database server environment, we are able to process transaction loads with speed and efficiency. The computer platform offers us reliability and expansion opportunities. Furthermore, this hardware incorporates state of the art data security protection. We back up our data daily, and store copies at a secured off-site location. We also mirror our production data to a remote location to give us full protection in the event of the loss of our primary data center. To ensure the integrity and reliability of our computer platform we periodically engage outside auditors specializing in information technology and cybersecurity to examine both our operating systems and disaster recovery plans.

*Process Control.* To ensure that our entire infrastructure continues to operate efficiently and securely, we have developed a strong process and control environment. These controls govern all areas of the enterprise from physical security and virtual security, to change management, data protection, and segregation of duties.

### ***Ability to Attract and Retain Employees***

Of crucial importance to our success is the recruitment and retention of our key employees, account managers, and executive management team. In addition to offering attractive compensation structures for account managers, we may offer employee programs that promote personal and professional goals, such as leadership and skills training, tuition assistance in support of continued education, and wellness initiatives. Our company has historically been recognized as one of San Diego's healthiest companies, and in India, we were selected as one of "India's Best Companies to Work For" by India's Great Place to Work Institute. We believe that these tangible benefits, combined with intangible differentiators, such as a diverse employee base and the prospect of living and working in an extremely temperate climate where our Corporate Headquarters is located, all contribute to a sustainable competitive advantage with respect to recruitment and retention.

### ***Competition***

#### United States

The consumer credit recovery industry is highly competitive and fragmented. We compete with a wide range of collection and financial services companies. We also compete with traditional contingency collection agencies and in-house recovery departments. Competitive pressures affect the availability and pricing of receivable portfolios, as well as the availability and cost of qualified recovery personnel. In addition, some of our competitors may have signed forward flow contracts under which credit originators or portfolio resellers have agreed to transfer charged-off receivables to them in the future, which could restrict those credit originators or portfolio resellers from selling receivables to us. We believe some of our major competitors, which include companies that focus primarily on the purchase of charged-off receivable portfolios, have continued to diversify into third-party agency collections and into offering credit card and other financial services as part of their recovery strategy.

When purchasing receivables, we compete primarily on the basis of the price paid for receivable portfolios, the ease of negotiating and closing the prospective portfolio purchases with us, our ability to obtain funding, and our reputation with respect to the quality of services that we provide. We believe that our ability to compete effectively in this market is also dependent upon, among other things, our relationships with credit originators and portfolio resellers of charged-off consumer receivables, and our ability to provide quality collection strategies in compliance with applicable laws.

We believe that smaller competitors are facing difficulties in the portfolio purchasing market because of the higher cost to operate due to increased regulatory pressure and because sellers of charged-off consumer receivables are being more selective with buyers in the marketplace, resulting in consolidation within the portfolio purchasing and recovery industry. We believe this favors larger participants in this market, such as us, because the larger market participants are better able to adapt to these pressures. As smaller competitors limit their participation in or exit the market, it may provide additional opportunities for us to purchase receivables from competitors or to acquire competitors directly, as we did with the AACC Merger, which we completed in 2013.

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The Texas and national tax lien industry is highly competitive and fragmented. In Texas, Propel competes primarily on the basis of interest rate, the ease of negotiating and closing the tax liens with the municipality and the consumer, and the reputation with respect to the quality of services that Propel provides. Outside of Texas, liens are usually sold individually or in bulk to the highest bidders, although sometimes the local governments consider non-pricing factors when awarding bulk liens.

### United Kingdom

When purchasing receivables in the United Kingdom market, Cabot competes on the basis of the price paid for receivable portfolios, the ease of negotiating and closing the prospective portfolio purchases with Cabot, its ability to obtain funding, and its reputation with respect to the quality of services it provides. We believe that Cabot's ability to compete effectively in this market is also dependent upon, among other things, Cabot's relationships with credit originators and financial services companies, its ability to segment portfolios effectively, its high level of compliance governance controls, and its ability to provide quality collection strategies in compliance with applicable laws.

Similar to certain trends we are observing in the United States, we believe that smaller competitors in the United Kingdom are facing difficulties in the portfolio purchasing market because of the higher cost to operate due to the increased regulatory environment and scrutiny applied by regulators, and also because sellers of charged-off consumer receivables are being more selective with buyers in the marketplace, resulting in a level of consolidation within the portfolio purchasing and recovery industry and the exit of portfolio purchasing and recovery companies from the marketplace. As in the United States, we believe this favors larger participants in the market, such as Cabot, because the larger market participants are better able to adapt to these pressures. As smaller competitors limit their participation in or exit the market, it may provide additional opportunities for us to purchase receivables from competitors or to acquire competitors directly, as we did through Cabot's acquisition of Marlin in February 2014.

## **Government Regulation**

### United States

Our debt purchasing and collection activities are subject to federal, state, and municipal statutes, rules, regulations, and ordinances that establish specific guidelines and procedures that debt purchasers and collectors must follow when collecting consumer accounts. It is our policy to comply with the provisions of all applicable laws in all of our recovery activities. Our failure to comply with these laws could have a material adverse effect on us to the extent that they limit our recovery activities or subject us to fines or penalties in connection with such activities.

The Fair Debt Collection Practices Act ("FDCPA") and comparable state and local laws establish specific guidelines and procedures that debt collectors must follow when communicating with consumers, including the time, place and manner of the communications, and prohibit unfair, deceptive, or abusive debt collection practices. Until 2011, the Federal Trade Commission ("FTC") administered, and had primary responsibility for the enforcement of, the FDCPA. In July 2011, pursuant to the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act of 2010 (the "Dodd-Frank Act"), Congress transferred to the Consumer Financial Protection Bureau ("CFPB") the FTC's role of administering the FDCPA, along with certain other federal statutes. The FTC and the CFPB share enforcement responsibilities under the FDCPA.

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In addition to the FDCPA, the federal laws that apply to our business (including the regulations that implement these laws) include the following:

- the Dodd-Frank Act, including the Consumer Financial Protection Act (Title X of the Dodd-Frank Act, “CFPA”)
- Electronic Funds Transfer Act
- Equal Credit Opportunity Act
- Fair Credit Billing Act
- Fair Credit Reporting Act (“FCRA”)
- Federal Trade Commission Act (“FTCA”)
- Gramm-Leach-Bliley Act
- Health Insurance Portability and Accountability Act
- Servicemembers’ Civil Relief Act
- Truth-In-Lending Act
- U.S. Bankruptcy Code
- Wire Act
- Credit CARD Act
- Telephone Consumer Protection Act

The Dodd-Frank Act was adopted to reform and strengthen regulation and supervision of the U.S. financial services industry. It contains comprehensive provisions governing the oversight of financial institutions, some of which apply to us. Among other things, the Dodd-Frank Act established the CFPB, which has broad authority to implement, examine for compliance with, and enforce “federal consumer financial law” over financial institutions, including credit issuers that may be sellers of receivables and debt buyers and collectors such as us. It has authority to prevent unfair, deceptive or abusive acts and practices by issuing regulations or by using its enforcement authority without first issuing regulations. The Dodd-Frank Act also authorizes state officials to enforce regulations issued by the CFPB and to enforce the CFPA general prohibition against unfair, deceptive, and abusive acts or practices.

The CFPB’s authorities include the ability to issue regulations under all significant federal statutes that affect the collection industry, including the FDCPA, FCRA, and others. On November 12, 2013, the CFPB published in the *Federal Register* an Advance Notice of Proposed Rulemaking in which it seeks comments, data, and information from the public about debt collection practices to help it determine what rules and other CFPB actions, if any, would be useful under the FDCPA and the CFPA.

The Dodd-Frank Act also gave the CFPB supervisory and examination authority over a variety of institutions that may engage in debt collection. The purpose of supervision, including examination, is to assess compliance with federal consumer financial laws, obtain information about activities and compliance systems or procedures, and detect and assess risks to consumers and to markets for consumer financial products and services. On January 2, 2013, the CFPB’s final debt collection larger participant rule took effect. Under the rule, firms that have more than \$10 million in annual receipts from consumer debt collection activities, as defined in the rule, are subject to the CFPB’s supervision authority. This definition covers us and, accordingly, authorizes the CFPB to supervise and conduct examinations of our business practices. In addition, effective August 3, 2013, the CFPB assumed supervision authority over nonbanks engaged in activities that pose risks to consumers, which will include debt collectors regardless of size.

The CFPB can conduct hearings, adjudication proceedings, and investigations, either unilaterally or jointly with other state and federal regulators, to determine if federal consumer financial law has been violated. The CFPB has the authority to impose monetary penalties for violations of applicable federal consumer financial laws (including the CFPA, FDCPA, and FCRA, among other consumer protection statutes), require remediation of practices and pursue enforcement actions. The CFPB also has the authority to obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief), costs, and monetary penalties ranging from \$5,000 per day for ordinary violations of federal consumer financial laws to \$25,000 per day for reckless violations and \$1 million per day for knowing violations.

In addition, the CFPB has issued guidance in the form of bulletins on debt collection activities generally including one that specifically addresses representations regarding credit reports and credit scores during the debt collection process. The CFPB also accepts debt collection consumer complaints and released template letters for

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consumers to use when corresponding with debt collectors. The CFPB makes publicly available its data on consumer complaints. The Dodd-Frank Act also mandates the submission of multiple studies and reports to Congress by the CFPB, and CFPB staff is regularly making speeches on topics related to credit and debt. All of these activities could trigger additional legislative or regulatory action.

In addition to the federal statutes detailed above, many states have general consumer protection statutes, and laws, regulations, or court rules that apply to debt purchasing and collection. In a number of states and cities, we must maintain licenses to perform debt recovery services and must satisfy related bonding requirements. It is our policy to comply with all material licensing and bonding requirements. Our failure to comply with existing licensing requirements, changing interpretations of existing requirements, or adoption of new licensing requirements, could restrict our ability to collect in regions, subject us to increased regulation, increase our costs, or adversely affect our ability to collect our receivables.

State laws, among other things, also may limit the interest rate and the fees that a credit originator may impose on our consumers, limit the time in which we may file legal actions to enforce consumer accounts, and require specific account information for certain collection activities. California recently enacted the Fair Debt Buying Practices Act, which directly applies to debt buyers. The law, which applies to accounts sold after January 1, 2014, requires debt buyers operating in the state to have in their possession specific account information before debt collection efforts can begin, among other requirements. In addition, local requirements and court rulings in various jurisdictions also may affect our ability to collect.

Moreover, the relationship between consumers and credit card issuers is extensively regulated by federal and state consumer protection and related laws and regulations. These laws may affect some of our operations because the majority of our receivables originate through credit card transactions. The laws and regulations applicable to credit card issuers, among other things, impose disclosure requirements when a credit card account is advertised, when it is applied for and when it is opened, at the end of monthly billing cycles and at year-end. Federal law requires, among other things, that credit card issuers disclose to consumers the interest rates, fees, grace periods, and balance calculation methods associated with their credit card accounts. Some laws prohibit discriminatory practices in connection with the extension of credit. If the originating institution fails to comply with applicable statutes, rules, and regulations, it could create claims and rights for the consumers that would reduce or eliminate their obligations related to those receivables. When we acquire receivables, we generally require the credit originator or portfolio reseller to represent that they have complied with applicable statutes, rules and regulations relating to the origination and collection of the receivables before they were sold to us.

Federal statutes further provide that, in some cases, consumers cannot be held liable for, or their liability is limited with respect to, charges to their credit card accounts that resulted from unauthorized use of their credit cards. These laws, among others, may give consumers a legal cause of action against us, or may limit our ability to recover amounts owing with respect to the receivables, whether or not we committed any wrongful act or omission in connection with the account.

In January 2012, Asset Acceptance, LLC, a subsidiary of AACC, entered into a consent decree with the FTC. The consent decree ended an FTC investigation into Asset Acceptance, LLC's compliance with the FTCA, FDCPA, and FCRA. As part of the consent decree, Asset Acceptance, LLC agreed to undertake certain consumer protection practices, including, among other things, furnishing additional disclosures to consumers when collecting debt past the statute of limitations, and paid a civil penalty of \$2,500,000. These practices continue to apply to the portfolios we purchased as a result of the AACC Merger. We do not expect compliance with the consent decree to have a material effect on our business.

Our activities are also subject to federal and state laws concerning identity theft, privacy, data security, the use of automated dialing equipment and other laws related to consumers and consumer protection. These laws and regulations, and others similar to the ones listed above, as well as laws applicable to specific types of debt, impose requirements or restrictions on collection methods or our ability to enforce and recover certain of our receivables.

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Effects of the law, including those described above and any new or changed laws, rules or regulations and even reinterpretation of the same, may adversely affect our ability to recover amounts owing with respect to our receivables or the sale of receivables by creditors and resellers.

In order to conduct the tax lien business in the State of Texas, our Propel subsidiary is subject to regulation and licensing by the State of Texas Office of Consumer Credit Commissioner. Tax lien transfers and servicing also are subject to consumer protection, privacy and related laws and regulations, including laws and regulations similar to the federal laws and regulations listed above.

### International

As we expand our international footprint, our operations are increasingly affected by foreign statutes, rules and regulations. It is our policy to comply with these laws in all of our recovery activities. For example, debt collection and debt purchase activities in the United Kingdom are highly regulated by a number of different governmental bodies. Under the Consumer Credit Act of 1974, Cabot must currently maintain a consumer credit license from the Office of Fair Trading (“OFT”) to perform debt collection activities. The OFT has issued guidance called the Debt Collection Guidance (“DCG”), which sets out detailed standards that businesses that collect debt must meet. Failure to adhere to the standards of the DCG could result in enforcement action by the OFT, which could involve the placing of requirements on the OFT license, fines and ultimately lead to a revocation of the OFT license.

Additionally, the Consumer Credit Act of 1974 (and its related regulations) and the Unfair Terms in Consumer Contracts Regulations of 1999 set forth requirements for the entry into and ongoing management of consumer credit arrangements in the United Kingdom. A failure to comply with these requirements can make agreements unenforceable or can result in a requirement that charged and collected interest be repaid.

In addition to these regulations on debt collection and debt purchase activities, Cabot must comply with requirements established by the Data Protection Act of 1998 in relation to processing the personal data of its consumers.

The regulatory regime to which Cabot is subject is currently experiencing a number of significant changes. Responsibility for the regulation of consumer credit businesses in the United Kingdom is expected to be transferred from the OFT to the Financial Conduct Authority (“FCA”) on April 1, 2014, and the European Commission has proposed that substantial changes be made to the European Union data protection regime. The FCA has implemented an interim permission regime which requires consumer credit licensed businesses to register for the consumer credit permission before March 31, 2014 in order to continue consumer credit activities after April 1, 2014. The interim permission regime is expected to continue between April 1, 2014 and April 1, 2016 for companies currently holding collection licenses from the OFT and during this time businesses will be called upon at different intervals to apply for authorization to be fully regulated by the FCA. Cabot has all regulatory licenses, permissions, registrations and authorizations in place with the OFT and FCA in order to provide and continue debt purchase and collection activities, including the interim permission required by the FCA. The detailed rules relating to conducting consumer credit activities after April 1, 2014 are yet to be finalized by the FCA. Finally, the regulatory regime in the United Kingdom relating to the protection of consumers from unfair terms is also subject to change. In January 2014, a Consumer Bill of Rights was introduced to the U.K. House of Commons, and will now begin its Parliamentary progress to become an Act and formal legislation. The Bill represents the most significant overhaul of U.K. consumer law reform in decades. If enacted, it will reform and consolidate much of consumer law in the United Kingdom and introduce enhanced consumer measures that can be imposed on businesses. It is not yet possible to predict the precise impact that any of these changes will have on Cabot, but it is likely that the requirements under the rules and regulations applicable to it will increase and that the FCA will have greater powers than the OFT has.



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### **Employees**

As of December 31, 2013, we had approximately 5,300 employees worldwide. None of our employees is represented by a labor union. We believe that our relations with our employees are good.

### **Item 1A—Risk Factors**

There are risks and uncertainties in our business that could cause our actual results to differ materially from those anticipated. We urge you to read these risk factors carefully in connection with evaluating our business and in connection with the forward-looking statements and other information contained in this Annual Report on Form 10-K. Any of the risks described herein could materially affect our business, financial condition, or future results and the actual outcome of matters as to which forward-looking statements are made. The list of risks is not intended to be exhaustive, and the order in which the risks appear is not intended as an indication of their relative weight or importance. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may materially adversely affect our business, financial condition and/or future results.

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

##### ***Financial and economic conditions affect the ability of consumers to pay their obligations, which could harm our financial results.***

Economic conditions globally and locally directly affect unemployment, credit availability, and real estate values. Adverse conditions, economic changes, and financial disruptions place financial pressure on the consumer, which may reduce our ability to collect on our consumer receivable portfolios and may adversely affect the value of our consumer receivable portfolios. Further, increased financial pressures on the financially distressed consumer may result in additional regulatory requirements or restrictions on our operations and increased litigation filed against us. These conditions could increase our costs and harm our business, financial condition, and results of operations.

##### ***Our operating results may be affected by factors that could cause them to fluctuate significantly in the future.***

Our operating results will likely vary in the future due to a variety of factors that could affect our revenues and operating expenses. We expect that our operating expenses as a percentage of collections will fluctuate in the future as we expand into new markets, increase our business development efforts, hire additional personnel, and incur increased insurance and regulatory compliance costs. In addition, our operating results have fluctuated and may continue to fluctuate as a result of the factors described below and elsewhere in this Annual Report on Form 10-K:

- the timing and amount of collections on our receivable portfolios, including the effects of seasonality and economic conditions;
- any charge to earnings resulting from an allowance against the carrying value of our receivable portfolios;
- increases in operating expenses associated with the growth or change of our operations or compliance with increased regulatory and other legal requirements;
- the cost of credit to finance our purchases of receivable portfolios; and
- the timing and terms of our purchases of receivable portfolios.

Due, in part, to fluctuating prices for receivable portfolios, there has been considerable variation in our purchasing volume from quarter to quarter and we expect that to continue. The volume of our portfolio purchases will be limited when prices are high, and may or may not increase when portfolio pricing is more favorable to us. We believe our ability to collect on receivable portfolios may be negatively affected because of current economic

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conditions, and this may require us to increase our projected return hurdles in calculating prices we are willing to pay for individual portfolios. An increase in portfolio return hurdles may decrease the volume of portfolios we are successful in purchasing. Because we recognize revenue on the basis of projected collections on purchased portfolios, we may experience variations in quarterly revenue and earnings due to the timing of portfolio purchases.

### ***We may not be able to purchase receivables at favorable prices, which could limit our growth or profitability.***

Our ability to continue to operate profitably depends upon the continued availability of receivable portfolios that meet our purchasing standards and are cost-effective based upon projected collections exceeding our costs. Our profitability also depends on our actual collections on accounts meeting or exceeding our projected collections. We do not know how long portfolios will be available for purchase on terms acceptable to us, or at all.

The availability of receivable portfolios at favorable prices depends on a number of factors, including:

- defaults in consumer debt;
- continued origination of loans by originating institutions at sufficient volumes;
- continued sale of receivable portfolios by originating institutions and portfolio resellers at sufficient volumes and acceptable price levels;
- competition in the marketplace;
- our ability to develop and maintain long-term relationships with key major credit originators and portfolio resellers;
- our ability to obtain adequate data from credit originators or portfolio resellers to appropriately evaluate the collectability of, and estimate the value of, portfolios; and
- changes in laws and regulations governing consumer lending, bankruptcy, and collections.

In recent periods, there has been a reduction in the supply of receivable portfolios. We believe that the reduction in supply is partially due to shifts in underwriting standards by financial institutions, which have resulted in lower volumes of charged-off accounts. We believe that this reduction in supply is also the result of certain financial institutions temporarily halting their sales of charged-off accounts while they conduct audits of debt management and recovery companies, including Encore. We are unable to predict the extent to which these financial institutions will re-commence selling charged-off accounts. Financial institutions might not return to selling charged-off accounts at historical levels and certain of them could elect to stop selling charged-off accounts permanently.

In addition, because of the length of time involved in collecting charged-off consumer receivables on acquired portfolios and the volatility in the timing of our collections, we may not be able to identify trends and make changes in our purchasing strategies in a timely manner. Ultimately, if we are unable to continually purchase and collect on a sufficient volume of receivables to generate cash collections that exceed our costs, our business will be materially and adversely affected.

### ***We may experience losses on portfolios consisting of new types of receivables due to our lack of collection experience with these receivables, which could harm our results of operations.***

We continually look for opportunities to expand the classes of assets that make up the portfolios we acquire. Therefore, we may acquire portfolios consisting of assets with which we have little or no collection experience. Our lack of experience with new types of receivables may cause us to pay too much for these receivable portfolios, which may substantially hinder our ability to generate profits from these portfolios. Further, our existing methods of collections may prove ineffective for these new receivables, and we may not be able to collect on these portfolios. Our inexperience may have a material adverse effect on our results of operations.

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***We may purchase receivable portfolios that are unprofitable or we may not be able to collect sufficient amounts to recover our costs and to fund our operations.***

We acquire and service charged-off receivables that the obligors have failed to pay and the sellers have deemed uncollectible and have written off. The originating institutions and/or portfolio resellers generally make numerous attempts to recover on these nonperforming receivables, often using a combination of their in-house collection and legal departments, as well as third-party collection agencies. In order to operate profitably over the long term, we must continually purchase and collect on a sufficient volume of charged-off receivables to generate revenue that exceeds our costs. These receivables are difficult to collect, and we may not be successful in collecting amounts sufficient to cover the costs associated with purchasing the receivables and funding our operations. If we are not able to collect on these receivables or collect sufficient amounts to cover our costs, this may materially adversely affect our results of operations.

***Sellers may deliver portfolios that contain accounts that do not meet our account collection criteria and cannot be returned, which could have an adverse effect on our cash flows and our operations.***

In the normal course of portfolio acquisitions, some accounts may be included in the portfolios that fail to conform to the terms of the purchase agreements and we may seek to return these accounts to the sellers for refund. However, we generally have a limited time in which to return these accounts to the sellers under the terms of our purchase agreements. In addition, sellers may not be able to meet their contractual obligations to us. Accounts that we are unable to return to sellers may yield no return. If sellers deliver portfolios containing too many accounts that do not conform to the terms of the purchase agreements, we may be unable to collect a sufficient amount and the portfolio purchase could be unprofitable, which would have an adverse effect on our cash flows and our operations. If cash flows from operations are less than anticipated, our ability to satisfy our debt obligations and purchase new portfolios and, correspondingly, our results of operations, may be materially adversely affected.

***A significant portion of our portfolio purchases during any period may be concentrated with a small number of sellers, which could adversely affect our volume and timing of purchases.***

A significant percentage of our portfolio purchases for any given fiscal quarter or year may be concentrated with a few large sellers, some of which may also involve forward flow arrangements. We cannot be certain that any of our significant sellers will continue to sell charged-off receivables to us on terms or in quantities acceptable to us, or that we would be able to replace these purchases with purchases from other sellers.

A significant decrease in the volume of purchases available from any of our principal sellers on terms acceptable to us would force us to seek alternative sources of charged-off receivables. We may be unable to find alternative sources from which to purchase charged-off receivables, and even if we could successfully replace these purchases, the search could take time and the receivables could be of lower quality, cost more, or both, any of which could materially adversely affect our financial performance.

***We face intense competition that could impair our ability to maintain or grow our purchasing volumes.***

The charged-off receivables purchasing market is highly competitive and fragmented. We compete with a wide range of other purchasers of charged-off consumer receivables. To the extent our competitors are able to better maximize recoveries on their assets or are willing to accept lower rates of return, we may not be able to grow or sustain our purchasing volumes or we may be forced to acquire portfolios at expected rates of return lower than our historical rates of return. Some of our competitors may obtain alternative sources of financing at more favorable rates than those available to us, the proceeds from which may be used to fund expansion and to increase the amount of charged-off receivables they purchase.

Barriers to entry into the consumer debt collection industry have traditionally been low. More recently, increased regulatory standards have made entry into the market more difficult and have resulted in sellers of

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charged-off consumer receivables being more selective with buyers in the marketplace. Companies with greater financial resources than we have may elect at a future date to enter the market for charged-off consumer receivables. We believe that the entrance of new market participants in our industry could lead to upward pricing pressure on charged-off consumer receivables as a result of increased demand, but also because new purchasers may pay higher prices for the portfolios than more experienced purchasers would due to a lack of experience, data and analytics necessary to properly assess risks and return potential of the portfolios or a desire to add size to their existing operations.

We face bidding competition in our acquisition of charged-off consumer receivables. We believe that successful bids are predominantly awarded based on price and, to a lesser extent, based on service, reputation, and relationships with the sellers of charged-off receivables. Some of our current competitors, and potential new competitors, may have more effective pricing and collection models, greater adaptability to changing market needs, and more established relationships in our industry than we do. Moreover, our competitors may elect to pay prices for portfolios that we determine are not economically sustainable and, in that event, we may not be able to continue to offer competitive bids for charged-off receivables.

If we are unable to develop and expand our business or to adapt to changing market needs as well as our current or future competitors, we may experience reduced access to portfolios of charged-off consumer receivables in sufficient face value amounts at appropriate prices, which could materially adversely affect our business, results of operations, cash flows, or financial condition.

***The statistical models we use to project remaining cash flows from our receivable portfolios may prove to be inaccurate and, if so, our financial results may be adversely affected.***

For our U.S. accounts, we use our internally developed Unified Collection Score, or UCS model, and Behavioral Liquidation Score, or BLS model, to project the remaining cash flows from our receivable portfolios. Our UCS and BLS models consider known data about our consumers' accounts, including, among other things, our collection experience and changes in external consumer factors, in addition to all data known when we acquired the accounts. However, we may not be able to achieve the collections forecasted by our UCS and BLS models. For our accounts serviced by Cabot, we use Cabot's internally developed models to project the remaining cash flows from its receivable portfolios. If we are not able to achieve the levels of forecasted collection, our revenues will be reduced or we may be required to record an allowance charge, which may materially adversely affect our cash flows and results of operations.

***We may incur allowance charges based on the authoritative guidance for loans and debt securities acquired with deteriorated credit quality.***

We account for our portfolio revenue in accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality. The authoritative guidance limits the revenue that may be accrued to the excess of the estimate of expected future cash flows over a portfolio's initial cost and requires that the excess of the contractual cash flows over the expected cash flows not be recognized as an adjustment of revenue, expense, or on the balance sheet. The authoritative guidance also freezes the IRR originally estimated when the receivable portfolios are purchased and, rather than lower the estimated IRR if the expected future cash flow estimates are decreased, the carrying value of our receivable portfolios would be written down to maintain the then-current IRR. Increases in expected future cash flows would be recognized prospectively through an upward adjustment of the IRR over a portfolio's remaining life. Any increased yield then becomes the new benchmark for allowance testing. Since the authoritative guidance does not permit yields to be lowered, there is an increased probability of us having to incur allowance charges in the future, which would negatively affect our results of operations.

***If our goodwill or amortizable intangible assets become impaired we may be required to record a significant charge to earnings.***

We carry approximately \$504.2 million in goodwill and approximately \$21.6 million in amortizable intangible assets as of December 31, 2013. Under authoritative guidance, we review our goodwill for potential impairment at least annually, and review our amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that may indicate that the carrying value of our goodwill or amortizable intangible assets may not be recoverable include adverse changes in estimated future cash flows, growth rates and discount rates. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, which could negatively affect our results of operations.

***Our business is subject to extensive laws and regulations, which have increased and may continue to increase.***

Extensive laws and regulations relating to debt collection directly apply to key portions of our business. Our failure or the failure of third-party agencies and attorneys, or the credit originators or portfolio resellers selling our receivables, to comply with existing or new laws, rules, or regulations could limit our ability to recover on receivables, cause us to pay damages to the consumers or result in fines or penalties, which could reduce our revenues, or increase our expenses, and harm our business.

We sometimes purchase accounts in asset classes that are subject to industry-specific restrictions that limit the collection methods that we can use on those accounts. Our inability to collect sufficient amounts from these accounts, through available collections methods, could materially adversely affect our cash flows and results of operations.

In response to the global economic downturn, or otherwise, additional consumer protection or privacy laws, rules and regulations may be enacted, or existing laws, rules or regulations may be reinterpreted, imposing additional restrictions or requirements on the collection of receivables or the facilitation of tax liens.

The regulatory regime to which Cabot is subject is currently experiencing a number of significant changes. Responsibility for the regulation of consumer credit businesses in the United Kingdom is expected to be transferred from the OFT to the FCA on April 1, 2014, and the European Commission has proposed that substantial changes be made to the European Union data protection regime. The FCA has implemented an interim permission regime which requires consumer credit licensed businesses to register for the consumer credit permission before March 31, 2014 in order to continue consumer credit activities after April 1, 2014. The interim permission regime is expected to continue between April 1, 2014 and April 1, 2016 for companies currently holding collection licenses from the OFT and during this time businesses will be called upon at different intervals to apply for authorization to be fully regulated by the FCA. Cabot has all regulatory licenses, permissions, registrations and authorizations in place with the OFT and FCA in order to provide and continue debt purchase and collection activities, including the interim permission required by the FCA. The detailed rules relating to conducting consumer credit activities after April 1, 2014 are yet to be finalized by the FCA. Furthermore, the regulatory regime in the United Kingdom relating to the protection of consumers from unfair terms is subject to change. In January 2014, a Consumer Bill of Rights was introduced to the U.K. House of Commons, and will now begin its Parliamentary progress to become an Act and formal legislation. The Bill represents the most significant overhaul of U.K. consumer law reform in decades. If enacted, it will reform and consolidate much of consumer law in the United Kingdom and introduce enhanced consumer measures that can be imposed on businesses. It is not yet possible to predict the precise impact that any of these changes will have on Cabot, but it is likely that the rules and regulations applicable to it will increase and that the FCA will have greater powers than the OFT has. Any additional or reinterpreted laws, rules and regulations and the enforcement of them or increased enforcement of existing consumer protection or privacy laws, rules and regulations may materially adversely affect our ability to collect on our receivables and may increase our costs associated with regulatory compliance, which could materially adversely affect our business, our cash flows and results of operations.

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***The implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act will subject us to substantial additional federal regulation, and we cannot predict the effect of this regulation on our business, results of operations, cash flows, or financial condition.***

Federal and state consumer protection, privacy and related laws and regulations extensively regulate the relationship between debt collectors and consumers. In addition, federal and state laws may limit our ability to purchase or recover on our consumer receivables regardless of any act or omission on our part. On July 21, 2010, the Dodd-Frank Act was enacted. Title X of the Dodd-Frank Act established the CFPB. Pursuant to the Dodd-Frank Act, the CFPB has rulemaking, supervisory, enforcement, and other authorities relating to consumer financial products and services, including debt collection. We generally are subject to the CFPB's supervisory and enforcement authority.

Given the uncertainty associated with how provisions of the Dodd-Frank Act will be implemented and enforced by the various regulatory agencies, the full extent of the impact that these requirements will have on us is unclear. Changes resulting from the Dodd-Frank Act may affect the profitability of business activities, require changes to certain business practices, or otherwise adversely affect our business. In particular, we expect an increase in the cost of operating due to greater regulatory oversight, supervision, and compliance with consumer debt servicing and collection practices.

Subject to the provisions of the Dodd-Frank Act, the CFPB has responsibility to implement, examine for compliance with, and enforce "federal consumer financial law." Those laws include, among others, (1) Title X itself, which prohibits unfair, deceptive, or abusive acts and practices in connection with consumer financial products and services, and (2) "enumerated consumer laws" (and their implementing regulations), which include the FDCPA, the FCRA, and others.

The CFPB's authorities include the ability to issue regulations under all significant federal statutes that affect the collection industry, including the FDCPA, FCRA, and others. This means, for example, that the CFPB has the ability to adopt rules that interpret any of the provisions of the FDCPA, potentially affecting all facets of debt collection, and our activities. On November 12, 2013, the CFPB published in the *Federal Register* an Advance Notice of Proposed Rulemaking in which it seeks comments, data, and information from the public about debt collection practices, to help it determine what rules and other CFPB actions, if any, would be useful under the FDCPA and the Dodd-Frank Act general prohibition against unfair, deceptive, and abusive acts or practices.

In addition, the CFPB has issued guidance in the form of bulletins on debt collection activities generally and one that specifically addresses representations regarding credit reports and credit scores during the debt collection process. The CFPB also accepts debt collection consumer complaints and released template letters for consumers to use when corresponding with debt collectors. The CFPB makes publicly available its data on consumer complaints, and consumer complaints against us could result in reputational damage to us. The Dodd-Frank Act also mandates the submission of multiple studies and reports to Congress by the CFPB, and CFPB staff is regularly making speeches on topics related to credit and debt. All of these activities could trigger additional legislative or regulatory action.

The Dodd-Frank Act also gave the CFPB supervisory and examination authority over a variety of institutions that may engage in debt collection. The purpose of supervision, including examination, is to assess compliance with federal consumer financial laws, obtain information about activities and compliance systems or procedures, and detect and assess risks to consumers and to markets for consumer financial products and services. On January 2, 2013, the CFPB's final debt collection larger participant rule took effect. Under the rule, firms that have more than \$10 million in annual receipts from consumer debt collection activities, as defined in the rule, are subject to the CFPB's supervision authority. This definition covers us and, accordingly, authorizes the CFPB to supervise and conduct examinations of our business practices. In addition, effective August 3, 2013, the CFPB assumed supervision authority over nonbanks engaged in activities that pose risks to consumers, which will include debt collectors regardless of size.

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The prospect of supervision has increased the potential consequences of noncompliance with federal consumer financial law. The CFPB can also conduct hearings and adjudication proceedings, conduct investigations, either unilaterally or jointly with other state and federal regulators, to determine if federal consumer financial law has been violated. The CFPB has the authority to impose monetary penalties for violations of applicable federal consumer financial laws (including Title X of the Dodd-Frank Act, FDCPA, and FCRA, among other consumer protection statutes), require remediation of practices and pursue enforcement actions. The CFPB also has the authority to obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief), costs, and monetary penalties ranging from \$5,000 per day for ordinary violations of federal consumer financial laws to \$25,000 per day for reckless violations and \$1 million per day for knowing violations. In addition, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations implemented under Title X of the Dodd-Frank Act, the Dodd-Frank Act empowers state Attorneys General and state regulators to bring civil actions to remedy violations of state law. If the CFPB, the FTC, acting under the FTCA or other applicable statute such as the FDCPA, or one or more state Attorneys General or state regulators believe that we have violated any of the applicable laws or regulations, they could exercise their enforcement powers in ways that could have a material adverse effect on our business, results of operations, cash flows, or financial condition.

We expect that we will be required to invest significant management attention and resources to continue to evaluate, develop, and make any changes to our policies and procedures necessary to comply with new statutory and regulatory requirements under the Dodd-Frank Act or other applicable laws, which may negatively affect our results of operations, cash flows, and our financial condition. However, we cannot predict the scope and substance of the regulations, guidance, and policies ultimately adopted by the CFPB related to our activities. The CFPB continues to initiate rulemakings, issue regulatory guidance and bulletins, and to exercise its supervisory and enforcement authority. It is therefore unclear at this time what affect these regulations will have on financial markets generally, on original creditors, or our business and service providers specifically; the additional costs associated with compliance with these regulations; or what changes, if any, to our operations may be necessary to comply with the CFPB's expectations or the Dodd-Frank Act. Any of these factors could have a material adverse effect on our business, results of operations, cash flows, or financial condition.

***Our results of operations and cash flows may be materially adversely affected if bankruptcy filings increase or if bankruptcy laws change.***

Our business model may be uniquely vulnerable to an economic recession, which typically results in an increase in the amount of defaulted consumer receivables, thereby contributing to an increase in the amount of personal bankruptcy filings. Under certain bankruptcy filings, a consumer's assets are sold to repay credit originators, with priority given to holders of secured debt. Since the defaulted consumer receivables we purchase are generally unsecured, we often are not able to collect on those receivables. In addition, since we purchase receivables that may have been delinquent for a long period of time, this may be an indication that many of the consumers from whom we collect will be unable to pay their debts going forward and are more likely to file for bankruptcy in an economic recession. Furthermore, potential changes to existing bankruptcy laws could contribute to an increase in bankruptcy filings. We cannot be certain that our collection experience would not decline with an increase in bankruptcy filings. If our actual collection experience with respect to a defaulted consumer receivable portfolio is significantly lower than we projected when we purchased the portfolio, our results of operations and cash flows could be materially adversely affected.

***Failure to comply with government regulation could result in the suspension or termination of our ability to conduct business, may require the payment of significant fines and penalties, or require other significant expenditures.***

The collections industry is heavily regulated under various federal, state, and local laws, rules, and regulations. Many states and several cities require that we be licensed as a debt collection company. The CFPB, FTC, state Attorneys General and other regulatory bodies have the authority to investigate a variety of matters,

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including consumer complaints against debt collection companies, and can bring enforcement actions and seek monetary penalties, consumer restitution, and injunctive relief. If we, or our third-party collection agencies or law firms fail to comply with applicable laws, rules, and regulations, including, but not limited to, identity theft, privacy, data security, the use of automated dialing equipment, laws related to consumer protection, debt collection, and laws applicable to specific types of debt, it could result in the suspension or termination of our ability to conduct collection operations, which would materially adversely affect us. Further, our ability to collect our receivables may be affected by state laws, which require that certain types of account documentation be in our possession prior to the institution of any collection activities. In addition, new federal, state or local laws or regulations, or changes in the ways these rules or laws are interpreted or enforced, could limit our activities in the future and/or significantly increase the cost of regulatory compliance.

### ***We are dependent upon third parties to service a substantial portion of our consumer receivable portfolios.***

We use outside collection services to collect a substantial portion of our charged-off receivables. We are dependent upon the efforts of third-party collection agencies and attorneys to help service and collect our charged-off receivables. Any failure by our third-party collection agencies and attorneys to perform collection services for us adequately or remit those collections to us could materially reduce our revenue and our profitability. In addition, if one or more of those third-party collection agencies or attorneys were to cease operations abruptly, or to become insolvent, the cessation or insolvency could materially reduce our revenue and profitability. Our revenue and profitability could also be materially adversely affected if we were not able to secure replacement third-party collection agencies or attorneys or promptly transfer account information to our new third-party collection agencies, attorneys or in-house in the event our agreements with our third-party collection agencies and attorneys were terminated. Our revenue and profitability could also be materially adversely affected if our third-party collection agencies or attorneys fail to perform their obligations adequately, or if our relationships with these third-party collection agencies and attorneys otherwise change adversely.

### ***Increases in costs associated with our collections through collection litigation can materially raise our costs associated with our collection strategies and the individual lawsuits brought against consumers to collect on judgments in our favor.***

We hire in-house counsel and contract with a nationwide network of attorneys that specialize in collection matters. In connection with collection litigation, we advance certain out-of-pocket court costs, which we refer to as deferred court costs. These court costs may be difficult or impossible to collect, and we may not be successful in collecting amounts sufficient to cover the amounts deferred in our financial statements. If we are not able to recover these court costs, our results of operations and cash flows may be materially adversely affected.

Further, we have substantial collection activity through our legal channel and, as a consequence, increases in deferred court costs, increases in costs related to counterclaims, and an increase in other court costs may increase our costs in collecting on these accounts, which may have a material and adverse effect on our results of operations and cash flows.

### ***Our network of third-party agencies and attorneys may not utilize amounts collected on our behalf or amounts we advance for court costs in the manner for which they were intended.***

In the normal course of operations, our third-party collection agencies and attorneys collect funds on our behalf. These third parties may fail to remit amounts owed to us in a timely manner or at all. Additionally, we advance court costs to our third-party attorneys, which are intended for their use in filing lawsuits on our behalf. These third-party attorneys may misuse some or all of the funds we advance to them. Our ability to recoup our funds may be diminished if these third parties become insolvent or enter into bankruptcy proceedings. If we are not able to recover these funds, our results of operations and cash flows may be materially and adversely affected.



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***A significant portion of our collections relies upon our success in individual lawsuits brought against consumers and our ability to collect on judgments in our favor.***

We generate a significant portion of our revenue by collecting on judgments that are granted by courts in lawsuits filed against consumers. A decrease in the willingness of courts to grant these judgments, a change in the requirements for filing these cases or obtaining these judgments, or a decrease in our ability to collect on these judgments could have a material and adverse effect on our results of operations. As we increase our use of the legal channel for collections, our short-term margins may decrease as a result of an increase in upfront court costs and costs related to counter claims. We may not be able to collect on certain aged accounts because of applicable statutes of limitations and we may be subject to adverse effects of regulatory changes. Further, courts in certain jurisdictions require that a copy of the account statements or applications be attached to the pleadings in order to obtain a judgment against consumers. If we are unable to produce those account documents, these courts could deny our claims, and our results of operations and cash flows may be materially adversely affected.

***We are subject to ongoing risks of litigation, including individual and class action lawsuits, under consumer credit, consumer protection, theft, privacy, collections, and other laws, and may be subject to awards of substantial damages.***

We operate in an extremely litigious climate and currently are, and may in the future be, named as defendants in litigation, including individual and class action lawsuits under consumer credit, consumer protection, theft, privacy, data security, automated dialing equipment, debt collections, and other laws. Many of these cases present novel issues on which there is no clear legal precedent, which increases the difficulty in predicting both the potential outcomes and costs of defending these cases. We are subject to ongoing risks of regulatory investigations, inquiries, litigation, and other actions by the CFPB, FTC, state Attorneys General, or other governmental bodies relating to our activities. These litigation and regulatory actions involve potential compensatory or punitive damage claims, fines, costs, sanctions, civil monetary penalties, consumer restitution, or injunctive relief, as well as other forms of relief, that, if granted, could require us to pay damages or make other expenditures in amounts that could have a material and adverse effect on our financial position or otherwise negatively affect results of operations. We have recorded loss contingencies in our financial statements only for matters on which losses are probable and can be reasonably estimated. Our assessments of these matters involve significant judgments, and may change from time to time. Actual losses incurred by us in connection with judgments or settlements of these matters may be more than our associated reserves. Furthermore, defending lawsuits and responding to governmental inquiries or investigations, regardless of their merit, could be costly and divert management's attention from the operation of our business. All of these factors could have a material and adverse effect on our business, cash flows, financial condition, and results of operations.

***Negative publicity associated with litigation, governmental investigations, regulatory actions, and other public statements could damage our reputation.***

From time to time there are negative news stories about our industry or company, especially with respect to alleged conduct in collecting debt from consumers. These stories may follow the announcements of litigation or regulatory actions involving us or others in our industry. Negative publicity about our alleged or actual debt collection practices or about the debt collection industry in general could adversely affect our stock price, our position in the marketplace in which we compete, and our ability to purchase charged-off receivables.

***We may make acquisitions that prove unsuccessful or our time spent on mergers, acquisitions or joint venture activities may strain or divert our resources.***

We recently acquired a controlling interest in United Kingdom-based Cabot, as well as a majority ownership interest in Refinancia, a market leader in Colombia and Peru. In addition, through Cabot, we recently acquired Marlin. We have also signed a definitive agreement to acquire a majority ownership interest in Grove. From time to time, we may make further acquisitions of other companies that could complement our business, including the acquisition of entities in diverse geographic regions and entities offering greater access to businesses and markets

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that we do not currently serve. We may not be able to successfully acquire other businesses and the acquisitions we make may be unprofitable. In addition, we may not successfully operate the businesses that we acquire, or may not successfully integrate these businesses with our own, which may result in our inability to maintain our goals, objectives, standards, controls, policies, culture, or profitability. Through acquisitions, we may enter markets in which we have limited or no experience. Any acquisition may result in a potentially dilutive issuance of equity securities, and the incurrence of additional debt which could reduce our profitability. In addition, our time spent on mergers and acquisitions activities may place additional constraints on our resources and divert the attention of our management from other business concerns, which may materially adversely affect our operations and financial condition.

### ***We may fail to realize the anticipated benefits of the merger with AACC.***

The success of the June 2013 merger with AACC will depend on, among other things, our ability to realize anticipated cost savings and to combine our business and AACC's business in a manner that does not materially disrupt the existing business relationships of either company nor result in decreased revenues from any disruption in our business operations. The success of the merger will also depend upon the integration of employees, systems, operating procedures and information technologies, as well as the retention of key employees. If we are not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected, and any such events could adversely affect the value of our common stock.

It is possible that the integration process could result in the loss of key employees, the disruption of AACC's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with our third-party vendors and employees or to achieve the anticipated benefits of the merger.

### ***Unanticipated costs relating to the merger with AACC could reduce our future earnings per share.***

We believe that we have reasonably estimated the likely costs of integrating our operations with that of AACC, and the incremental costs of operating as a combined company. However, it is possible that unexpected transaction costs, such as taxes, fees, or professional expenses or unexpected future operating expenses such as increased personnel costs or increased taxes, as well as other types of unanticipated adverse developments, could have a material adverse effect on the results of operations and financial condition of the combined company. If unexpected costs are incurred, the earnings per share of our common stock could be less than they would have been if the merger had not been completed.

### ***We are dependent on our management team for the adoption and implementation of our strategies and the loss of its services could have a material and adverse effect on our business.***

Our management team has considerable experience in finance, banking, consumer collections, and other industries. We believe that the expertise of our executives obtained by managing businesses across numerous other industries has been critical to the enhancement of our operations. Our management team has created a culture of new ideas and progressive thinking, coupled with increased use of technology and statistical analysis. Cabot's management team is also important to the success of its operations. The loss of the services of one or more key members of management could disrupt our collective operations and seriously impair our ability to continue to acquire or collect on portfolios of charged-off receivables and to manage and expand our business.

### ***Regulatory, political, and economic conditions in India expose us to risk, including loss of business.***

A significant element of our business strategy is to continue to develop and expand offshore operations in India. While wage costs in India are significantly lower than in the United States, the United Kingdom and other industrialized countries for comparably skilled workers, wages in India are increasing at a faster rate than in the United States or the United Kingdom, and we experience higher employee turnover in our operations in India

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than is typical in our U.S. or U.K. locations. The continuation of these trends could result in the loss of the cost savings we sought to achieve by establishing a portion of our collection operations in India. In the past, India has experienced significant inflation and shortages of readily available foreign currency for exchange and has been subject to civil unrest. We may be adversely affected by changes in inflation, exchange rate fluctuations, interest rates, tax provisions, social stability or other political, economic or diplomatic developments in or affecting India in the future. In addition, the infrastructure of the economy in India is relatively poor. Further, the Indian government is significantly involved in and exerts considerable influence over its economy through its complicated tax code and pervasive bureaucracy. In the recent past, the Indian government has provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in certain sectors of the economy, including the technology industry. Changes in the business or regulatory climate of India could have a material and adverse effect on our business, results of operations, and financial condition.

### ***We may not be able to manage our growth effectively, including the expansion of our foreign operations.***

We have expanded significantly in recent years. Continued growth will place additional demands on our resources, and we cannot be sure that we will be able to manage our growth effectively. For example, continued growth could place strains on our management, operations, and financial resources that our infrastructure, facilities, and personnel may not be able to adequately support. In addition, the recent expansion of our foreign operations, including our recent acquisition of a controlling interest in Cabot, Cabot's recent acquisition of Marlin, and our operations in India and Latin America, subjects us to a number of additional risks and uncertainties, including:

- changes in international laws, including regulatory and compliance requirements that could affect our business;
- social, political and economic instability or recessions;
- fluctuations in foreign economies and currency exchange rates;
- difficulty in hiring, staffing and managing qualified and proficient local employees and advisors to run international operations;
- the difficulty of managing and operating an international enterprise, including difficulties in maintaining effective communications with employees due to distance, language, and cultural barriers;
- potential disagreements with our joint venture business partners;
- differing labor regulations and business practices; and
- foreign tax consequences.

To support our growth and improve our international operations, we continue to make investments in infrastructure, facilities, and personnel in our operations; however, these additional investments may not be successful or our investments may not produce profitable results. If we cannot manage our growth effectively, our results of operations may be materially adversely affected.

### ***If our technology and telecommunications systems were to fail, or if we are not able to successfully anticipate, invest in, or adopt technological advances within our industry, it could have a material and adverse effect on our operations.***

Our success depends in large part on sophisticated computer and telecommunications systems. The temporary or permanent loss of our computer and telecommunications equipment and software systems, through casualty, operating malfunction, software virus, or service provider failure, could disrupt our operations. In the normal course of our business, we must record and process significant amounts of data quickly and accurately to properly bid on prospective acquisitions of receivable portfolios and to access, maintain, and expand the databases we use for our collection activities. Any simultaneous failure of our information systems and their backup systems would interrupt our business operations.

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In addition, our business relies on computer and telecommunications technologies, and our ability to integrate new technologies into our business is essential to our competitive position and our success. We may not be successful in anticipating, investing in, or adopting technological changes on a timely or cost-effective basis. Computer and telecommunications technologies are evolving rapidly and are characterized by short product life cycles.

We continue to make significant modifications to our information systems to ensure that they continue to be adequate for our current and foreseeable demands and continued expansion, and our future growth may require additional investment in these systems. These system modifications may exceed our cost or time estimates for completion or may be unsuccessful. If we cannot update our information systems effectively, our results of operations may be materially adversely affected.

### ***In the event of a security breach, our business and operations could suffer.***

We rely on information technology networks and systems to process and store electronic information. We collect and store sensitive data, including personally identifiable information of our consumers, on our information technology networks. Despite the implementation of security measures, our information technology networks and systems may be vulnerable to disruptions and shutdowns due to attacks by hackers or breaches due to malfeasance by contractors, employees and others who have access to our networks and systems. The occurrence of any of these events could compromise our networks and the information stored on our networks could be accessed. Any such access could disrupt our operations or result in legal claims, liability, reputational damage or regulatory penalties under laws protecting the privacy of personal information.

### ***We may not be able to adequately protect the intellectual property rights upon which we rely and, as a result, any lack of protection may materially diminish our competitive advantage.***

We rely on proprietary software programs and valuation and collection processes and techniques, and we believe that these assets provide us with a competitive advantage. We consider our proprietary software, processes, and techniques to be trade secrets, but they are not protected by patent or registered copyright. We may not be able to protect our technology and data resources adequately, which may materially diminish our competitive advantage.

### ***Exchange rate fluctuations could materially adversely affect our business, results of operations, cash flows, or financial condition.***

Because we conduct some business in currencies other than U.S. dollars but report our financial results in U.S. dollars, we face exposure to fluctuations in currency exchange rates upon translation of these business results into U.S. dollars. In the normal course of business, we employ various strategies to manage these risks, including the use of derivative instruments. These strategies may not be effective in protecting us against the effects of fluctuations from movements in foreign exchange rates. Fluctuations in the foreign currency exchange rates could materially adversely affect our business, results of operations, cash flows, or financial condition.

### ***Taxes may materially adversely affect our results of operations, cash flows or financial condition.***

We are subject to taxes in the United States and, increasingly, in foreign jurisdictions. Significant judgment is required in determining our worldwide provision for taxes. We regularly are under audit by tax authorities, and economic and political pressures to increase tax revenues in various jurisdictions may make resolving tax disputes more difficult. The final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. In addition, potential adverse tax consequences could limit our ability to repatriate funds held in jurisdictions outside of the United States. Accordingly, taxes could have a material adverse effect on our results of operations, cash flows or financial condition.

## Risks Related to Our Indebtedness

### ***Our significant indebtedness could adversely affect our financial health and could harm our ability to react to changes to our business.***

As of December 31, 2013, our total long-term indebtedness outstanding was approximately \$1.9 billion, which includes \$846.7 million of debt at our Cabot subsidiary. Our substantial indebtedness could have important consequences to investors. For example, it could:

- increase our vulnerability to general economic downturns and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to competitors that have less debt; and
- limit, along with the financial and other restrictive covenants contained in the documents governing our indebtedness, our ability to borrow additional funds, make investments and incur liens, among other things.

Any of these factors could materially and adversely affect our business and results of operations. If we do not have sufficient earnings to service our debt, we may be required to refinance all or part of our existing debt, sell assets, borrow more money, or sell securities, none of which we can guarantee we will be able to do.

### ***Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial indebtedness.***

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including our Convertible Notes (defined under “Risks Related to Our Convertible Notes and Common Stock” below) or to make cash payments in connection with any conversion of our Convertible Notes depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our indebtedness and make necessary capital expenditures. If we are unable to generate adequate cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at that time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

### ***Despite our current indebtedness levels, we may still incur substantially more indebtedness or take other actions which would intensify the risks discussed above.***

Despite our current consolidated indebtedness levels, we and our subsidiaries (including the guarantor of our Convertible Notes due 2020) may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our debt instruments, (some of which may be secured indebtedness under our Second Amended and Restated Credit Agreement (the “Restated Credit Agreement”). We will not be restricted under the terms of the indentures governing our Convertible Notes from incurring additional indebtedness, securing existing or future indebtedness, recapitalizing our indebtedness or taking a number of other actions that are not limited by the terms of the indentures governing our Convertible Notes that could have the effect of diminishing our ability to make payments on our indebtedness. Our revolving credit facility and term loan facility (the “Credit Facility”) under the Restated Credit Agreement currently limits the ability of us and certain of our subsidiaries

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(including the guarantor of our Convertible Notes due 2020) to incur additional indebtedness; however, if that facility is repaid or matures, we may not be subject to similar restrictions under the terms of any subsequent indebtedness.

### ***We may not be able to continue to satisfy the restrictive covenants in our debt agreements.***

Our debt agreements impose a number of covenants, including restrictive covenants on how we operate our business. Failure to satisfy any one of these covenants could result in negative consequences including the following, each of which could have a material adverse effect on our liquidity and our ability to conduct business:

- acceleration of outstanding indebtedness;
- exercise by our lenders of rights with respect to the collateral pledged under certain of our outstanding indebtedness;
- our inability to continue to purchase receivables needed to operate our business; or
- our inability to secure alternative financing on favorable terms, if at all.

### ***Significant increases in interest rates could materially adversely affect our results of operations, cash flows, or financial condition.***

Portions of our outstanding debt bear interest at a variable rate. Increases in interest rates could increase our interest expense which would, in turn, lower our earnings. We may periodically enter into derivative financial instruments, typically interest rate swap agreements, to reduce our exposure to fluctuations in interest rates on variable interest rate debt and their impact on earnings and cash flows. These strategies may not be effective in protecting us against the effects of fluctuations from movements in interest rates. Significant increases in interest rates could materially adversely affect our results of operations, cash flows, or financial condition.

### **Risks Related to Our Convertible Notes and Common Stock**

***Our \$115 million in aggregate principal amount of 3.0% convertible senior notes due November 27, 2017 (the “2017 Convertible Notes”), our \$172.5 million in aggregate principal amount of 3.0% convertible senior notes due July 1, 2020 (the “2020 Convertible Notes” and together with the 2017 Convertible Notes, the “Convertible Notes”) and the guarantee (the “Guarantee”) of the 2020 Convertible Notes by our wholly owned subsidiary, Midland Credit Management, Inc. (the “Guarantor”), are effectively subordinated to our and the Guarantor’s secured indebtedness to the extent of the value of the assets securing that indebtedness.***

The Convertible Notes and the Guarantee will be effectively subordinated to claims of our and the Guarantor’s secured creditors, respectively, to the value of the assets securing those claims. In the event of our bankruptcy, liquidation, reorganization or other winding up, our and the Guarantor’s assets that secure indebtedness ranking senior in right of payment to the Convertible Notes and the Guarantee, which includes all current and future amounts outstanding under our Credit Facility, will be available to pay obligations on the Convertible Notes or make payments under the Guarantee only after the secured indebtedness has been repaid in full from these assets. There may not be sufficient assets remaining to pay amounts due on any or all of the Convertible Notes then outstanding or to fulfill obligations under the Guarantee. The indentures governing the Convertible Notes do not prohibit us from incurring additional senior indebtedness or secured indebtedness, nor do they prohibit any of our subsidiaries, including the Guarantor, from incurring additional liabilities.

As of December 31, 2013, our total consolidated indebtedness was approximately \$1.9 billion, approximately \$555.4 million of which was secured indebtedness of Encore that would have been effectively senior to the Convertible Notes as of December 31, 2013. The amounts presented do not include any indebtedness incurred subsequent to December 31, 2013.

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***Our operations are conducted through, and substantially all of our consolidated assets are held by, our subsidiaries, and accordingly, we must rely on our subsidiaries to provide us with cash in order to pay amounts due on the Convertible Notes.***

The Convertible Notes are our obligations exclusively. The Convertible Notes are not guaranteed by any of our subsidiaries other than the Guarantor, who has guaranteed the 2020 Convertible Notes. Our operations are conducted through, and substantially all of our consolidated assets are held by, our subsidiaries. Accordingly, our ability to service our indebtedness, including the Convertible Notes, depends on the results of operations of our subsidiaries and upon the ability of those subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise, to pay amounts due on our obligations, including the Convertible Notes. Our subsidiaries are separate and distinct legal entities, and other than the Guarantor have no obligation, contingent or otherwise, to make payments on the Convertible Notes or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us from our subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations.

***Federal and state laws allow courts, under certain circumstances, to void guarantees and require noteholders to return payments received from guarantors.***

The 2020 Convertible Notes will be guaranteed by the Guarantor. The Guarantee may be subject to review under U.S. federal bankruptcy law and comparable provisions of state fraudulent conveyance laws if a bankruptcy or insolvency proceeding or a lawsuit is commenced by or on behalf of us or the Guarantor or by our unpaid creditors or the unpaid creditors of the Guarantor. Under these laws, a court could void the obligations under the Guarantee, subordinate the Guarantee of the 2020 Convertible Notes to the Guarantor's other debt or take other action detrimental to the holders of the 2020 Convertible Notes and the Guarantee, if, among other things, the Guarantor, at the time it incurred the indebtedness evidenced by its Guarantee:

- issued the Guarantee to delay, hinder or defraud present or future creditors;
- received less than reasonably equivalent value or fair consideration for issuing the Guarantee at the time it issued the Guarantee;
- was insolvent or rendered insolvent by reason of issuing the Guarantee;
- was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital to carry on its business; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature.

In those cases where our solvency or the solvency of the Guarantor is a relevant factor, the measures of insolvency will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a party would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing indebtedness, including contingent liabilities, as they become absolute and mature; or
- it could not pay its indebtedness as it becomes due.

We cannot be sure as to the standard that a court would use to determine whether or not a party was solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the Guarantee would not be voided or the Guarantee would not be subordinated to the Guarantor's other debt. If such a case were to occur, the Guarantee could also be subject to the claim that, since the Guarantee was incurred for our benefit and only indirectly for the benefit of the Guarantor, the obligations of the Guarantor were incurred for less than fair consideration.

***Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Convertible Notes.***

We expect that many investors in, and potential purchasers of, the Convertible Notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the Convertible Notes. Investors would typically implement such a strategy by selling short the common stock underlying the Convertible Notes and dynamically adjusting their short position while continuing to hold the Convertible Notes. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may affect those engaging in short selling activity involving equity securities (including our common stock). These rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a "Limit Up-Limit Down" program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Act. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Convertible Notes to effect short sales of our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the Convertible Notes.

In addition, if investors and potential purchasers seeking to employ a convertible arbitrage strategy are unable to borrow or enter into swaps on our common stock, in each case on commercially reasonable terms, the trading price and liquidity of the Convertible Notes may be adversely affected.

***Our common stock price may be subject to significant fluctuations and volatility, which could adversely affect the trading price of the Convertible Notes and our shares issuable upon conversion.***

The market price of our common stock has been subject to significant fluctuations. Since the beginning of fiscal year 2013, our stock price has ranged from a low of \$26.84 on April 23, 2013 to a high of \$51.95 on November 8, 2013. These fluctuations could continue. Among the factors that could affect our stock price are:

- our operating and financial performance and prospects;
- our ability to repay our debt;
- our access to financial and capital markets to refinance our debt;
- investor perceptions of us and the industry and markets in which we operate;
- future sales of equity or equity-related securities;
- changes in earnings estimates or buy/sell recommendations by analysts;
- changes in the supply of, demand for or price of portfolios;
- our acquisition activity, including our expansion into new markets;
- regulatory changes affecting our industry generally or our business and operations; and
- general financial, domestic, international, economic and other market conditions.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this Annual Report on Form 10-K or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our common stock would likely adversely affect the trading price of the Convertible Notes.



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The price of our common stock could also be affected by possible sales of our common stock by investors who view the Convertible Notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the trading prices of the Convertible Notes.

If securities or industry analysts have a negative outlook regarding our stock or our industry, or our operating results do not meet their expectations, our stock price could decline. The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us. If one or more of the analysts who cover our company downgrade our stock or if our operating results do not meet their expectations, our stock price could decline.

### ***Future sales of our common stock or the issuance of other equity may adversely affect the market price of our common stock.***

A substantial number of shares of our common stock are reserved for issuance upon the exercise of stock options or vesting of restricted shares, upon conversion of the Convertible Notes and the warrant transactions entered into in connection with the 2017 Convertible Notes. We are not restricted from issuing additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The issuance of additional shares of our common stock or convertible securities, including our outstanding options and restricted shares, or otherwise, would dilute the ownership interest of our common stockholders.

The liquidity and trading volume of our common stock is limited. For the year ended December 31, 2013, the average daily trading volume of our common stock was approximately 255,000 shares. Sales of a substantial number of shares of our common stock or other equity-related securities in the public market by us or others could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.

### ***We may not have the ability to raise the funds necessary to repurchase the Convertible Notes upon a fundamental change or to settle conversions in cash, and our future indebtedness may contain limitations on our ability to pay cash upon conversion and our current indebtedness contains, and our future indebtedness may contain, limitations on our ability to repurchase the Convertible Notes.***

Holders of the Convertible Notes will have the right to require us to repurchase their Convertible Notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any. In addition, upon a conversion of Convertible Notes, unless we elect to deliver solely shares of our common stock to settle the conversion (other than paying cash in lieu of delivering any fractional shares of our common stock), we will be required to make cash payments for each \$1,000 in principal amount of Convertible Notes converted of at least the lesser of \$1,000 and the sum of certain daily conversion values. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Convertible Notes surrendered therefor or to settle conversions in cash. In addition, our Restated Credit Agreement contains certain restrictive covenants that limit our ability to engage in specified types of transactions, which may affect our ability to repurchase the Convertible Notes. Further, our ability to repurchase the Convertible Notes or to pay cash upon conversion may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase Convertible Notes or to pay cash upon conversion of the Convertible Notes at a time when the repurchase or cash payment upon conversion is required by either indenture pursuant to which the Convertible Notes were offered would constitute a default under the relevant indenture. A default under either indenture could constitute a default under the other indenture or our Restated Credit Agreement, and any such default or the fundamental change itself could also lead to a default under the Restated Credit Agreement or agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Convertible Notes.

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***The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and operating results.***

In the event the conditional conversion feature of the Convertible Notes is triggered, holders of the Convertible Notes will be entitled to convert the Convertible Notes at any time during specified periods at their option. Even if holders do not elect to convert their Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the relevant series of Convertible Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

***Holders of the Convertible Notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to them to the extent our conversion obligation includes shares of our common stock.***

Holders of Convertible Notes will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock) prior to the conversion date relating to those Convertible Notes (if we have elected to settle the relevant conversion by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share)) or the last trading day of the relevant observation period (if we elect to pay and deliver, as the case may be, a combination of cash and shares of our common stock in respect of the relevant conversion), but holders of Convertible Notes will be subject to all changes affecting our common stock. For example, if an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date related to a holder's conversion of its Convertible Notes (if we have elected to settle the relevant conversion by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share)) or the last trading day of the relevant observation period (if we elect to pay and deliver, as the case may be, a combination of cash and shares of our common stock in respect of the relevant conversion), that holder will not be entitled to vote on the amendment, although that holder will nevertheless be subject to any changes affecting our common stock.

***The conditional conversion feature of the Convertible Notes could result in the holders of the Convertible Notes receiving less than the value of our common stock into which the Convertible Notes would otherwise be convertible.***

Prior to the close of business on the business day immediately preceding May 27, 2017 in the case of the 2017 Convertible Notes and January 1, 2020 in the case of the 2020 Convertible Notes, holders of Convertible Notes may convert those Convertible Notes only if specified conditions are met. If the specific conditions for conversion are not met, holders of Convertible Notes will not be able to convert their Convertible Notes, and they may not be able to receive the value of the cash, shares of common stock or combination of cash and shares of common stock, as applicable, into which the Convertible Notes would otherwise be convertible.

***Upon conversion of the Convertible Notes, holders of the Convertible Notes may receive less valuable consideration than expected because the value of our common stock may decline after holders of the Convertible Notes exercise their conversion right but before we settle our conversion obligation.***

Under the Convertible Notes, a converting holder will be exposed to fluctuations in the value of our common stock during the period from the date that holder surrenders Convertible Notes for conversion until the date we settle our conversion obligation.

Under the Convertible Notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of common stock, at our election. If we elect to settle our conversion obligation solely in cash or in a combination of cash and shares of common stock, the amount of consideration that holders of our Convertible Notes will receive upon conversion of their Convertible Notes will

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be determined by reference to the volume-weighted average prices of our common stock for each trading day in a 50 consecutive trading-day observation period applicable to each series of the Convertible Notes. For the 2017 Convertible Notes, this period would be (i) if the relevant conversion date occurs prior to May 27, 2017, the 50 consecutive trading-day period beginning on, and including, the second trading day after this conversion date; and (ii) if the relevant conversion date occurs on or after May 27, 2017, the 50 consecutive trading days beginning on, and including, the 52nd scheduled trading day immediately preceding the maturity date. For the 2020 Convertible Notes, this period would be (i) if the relevant conversion date occurs prior to January 1, 2020, the 50 consecutive trading-day period beginning on, and including, the second trading day after this conversion date; and (ii) if the relevant conversion date occurs on or after January 1, 2020, the 50 consecutive trading days beginning on, and including, the 52nd scheduled trading day immediately preceding the maturity date. Accordingly, if the price of our common stock decreases during the applicable observation period, the amount and/or value of consideration holders of the Convertible Notes will receive will be adversely affected. In addition, if the market price of our common stock at the end of the applicable observation period is below the average of the volume-weighted average price of our common stock during that period, the value of any shares of our common stock that holders of Convertible Notes will receive in satisfaction of our conversion obligation will be less than the value used to determine the number of shares that those holders will receive.

### ***The Convertible Notes are not protected by restrictive covenants.***

The indentures governing the Convertible Notes do not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. The indentures contain no covenants or other provisions to afford protection to holders of the Convertible Notes in the event of a fundamental change or other corporate transaction involving us except to the extent described in the Convertible Notes and the applicable indenture.

### ***The adjustment to the conversion rate for Convertible Notes converted in connection with a make-whole fundamental change may not adequately compensate holders of the Convertible Notes for any lost value of the Convertible Notes as a result of that transaction.***

If a make-whole fundamental change occurs prior to the maturity date, under certain circumstances, we will increase the conversion rate by a number of additional shares of our common stock for Convertible Notes converted in connection with that make-whole fundamental change. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid (or deemed to be paid) per share of our common stock in that transaction. The adjustment to the conversion rate for Convertible Notes converted in connection with a make-whole fundamental change may not adequately compensate holders of the Convertible Notes for any lost value of the Convertible Notes as a result of that transaction. In addition, if the price of our common stock in the transaction is, in the case of the 2017 Convertible Notes, greater than \$150.00 per share or less than \$25.25 per share, or in the case of the 2020 Convertible Notes, greater than \$250.00 per share or less than \$35.17 per share, (in each case, subject to adjustment), no additional shares will be added to the conversion rate. Moreover, in no event will the conversion rate per \$1,000 principal amount of Convertible Notes as a result of any adjustment exceed, in the case of the 2017 Convertible Notes, 39.6039 shares, or in the case of the 2020 Convertible Notes, 28.4333 shares, in each case subject to adjustments described in the applicable series of Convertible Notes.

Our obligation to increase the conversion rate upon the occurrence of a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

### ***The conversion rate of the Convertible Notes may not be adjusted for all dilutive events.***

The conversion rate of the Convertible Notes is subject to adjustment for certain events, including, but not limited to, the issuance of certain stock dividends on our common stock, the issuance of certain rights or

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warrants, subdivisions, combinations, distributions of capital stock, indebtedness, or assets, cash dividends and certain issuer tender or exchange offers. However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of the Convertible Notes or our common stock. An event that adversely affects the value of the Convertible Notes may occur, and that event may not result in an adjustment to the conversion rate.

### ***Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the Convertible Notes.***

Upon the occurrence of a fundamental change, holders of the Convertible Notes have the right to require us to repurchase their Convertible Notes. However, the fundamental change provisions will not afford protection to holders of the Convertible Notes in the event of other transactions that could adversely affect the Convertible Notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the Convertible Notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of the Convertible Notes.

### ***We have not registered the Convertible Notes or our common stock issuable upon conversion, which will limit the ability to resell them.***

The Convertible Notes and the shares of common stock issuable upon conversion of the Convertible Notes, if any, have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. Unless the Convertible Notes and the shares of common stock issuable upon conversion of the Convertible Notes, if any, have been registered, they may not be transferred or resold except in a transaction exempt from or not subject to the registration requirements of the Securities Act and applicable state securities laws. We do not intend to file a registration statement for the resale of the Convertible Notes and our common stock, if any, into which the Convertible Notes are convertible.

### ***An active trading market may not develop for the Convertible Notes.***

Prior to the respective offerings of the 2017 Convertible Notes and the 2020 Convertible Notes, there was no trading market for the Convertible Notes, and we do not intend to apply to list the Convertible Notes on any securities exchange or to arrange for quotation on any automated dealer quotation system. We were informed by the initial purchasers that they intended to make a market in the Convertible Notes after the offering is completed. However, the initial purchasers may cease their market-making at any time without notice. In addition, the liquidity of the trading market in the Convertible Notes, and the market price quoted for the Convertible Notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure holders of the Convertible Notes that an active trading market will develop for the Convertible Notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the Convertible Notes may be adversely affected. In that case holders of the Convertible Notes may not be able to sell their Convertible Notes at a particular time or at a favorable price.

### ***Any adverse rating of the Convertible Notes may cause their trading price to fall.***

We do not intend to seek a rating on the Convertible Notes. However, if a rating service were to rate the Convertible Notes and if that rating service were to lower its rating on the Convertible Notes below the rating initially assigned to the Convertible Notes or otherwise announces its intention to put the Convertible Notes on credit watch, the trading price of the Convertible Notes could decline.

***Holders of the Convertible Notes should carefully consider the U.S. federal income tax consequences of converting the Convertible Notes.***

The U.S. federal income tax treatment of the conversion of the Convertible Notes into a combination of our common stock and cash is not entirely certain. Holders of the Convertible Notes should consult their tax advisors with respect to the U.S. federal income tax consequences resulting from the conversion of Convertible Notes into a combination of cash and common stock.

***Holders of our Convertible Notes may be deemed to have received a taxable distribution without the receipt of any cash.***

The conversion rate of the Convertible Notes will be adjusted in certain circumstances. Under Section 305(c) of the Internal Revenue Code of 1986, as amended (the “Code”), adjustments (or failures to make adjustments) that have the effect of increasing a holder’s proportionate interest in our assets or earnings and profits may in some circumstances result in a deemed distribution to that holder. Certain of the conversion rate adjustments with respect to the Convertible Notes (including, without limitation, adjustments in respect of taxable dividends to holders of our common stock) will result in deemed distributions to the holders of Convertible Notes even though they have not received any cash or property as a result of those adjustments. In addition, an adjustment to the conversion rate in connection with a make-whole fundamental change may be treated as a deemed distribution. Any deemed distributions will be taxable as a dividend, return of capital or capital gain in accordance with the distribution rules under the Code. If a holder of the Convertible Notes is a non-U.S. holder (as defined under “Certain U.S. Federal Income Tax Considerations”), any deemed dividend may be subject to U.S. withholding tax at a 30% rate or such lower rate as may be specified by an applicable tax treaty, which may be set off against subsequent payments on the Convertible Notes (or in certain circumstances, on our common stock). Under proposed regulations, certain “dividend equivalent” payments, which generally will be deemed to occur as a result of an adjustment to the conversion rate of the Convertible Notes in connection with the payment of a dividend on our common stock, may be subject to withholding tax at a different time or in a different amount than the withholding tax otherwise imposed on dividends and constructive dividends.

***The 2020 Convertible Notes capped call transactions may affect the value of the Convertible Notes and our common stock.***

In connection with the offering and sale of the 2020 Convertible Notes, we entered into capped call transactions with the option counterparties (the “2020 Option Counterparties”). The capped call transactions are expected to reduce the potential dilution and/or offset any cash payments we are required to make in excess of the principal amount upon conversion of the 2020 Convertible Notes, with any reduction and/or offset subject to a cap.

In connection with establishing their initial hedge of the capped call transactions, the 2020 Option Counterparties or their respective affiliates expected to enter into various derivative transactions with respect to our common stock and/or purchase shares of our common stock in privately negotiated transactions and/or open market transactions concurrently with or shortly after the pricing of the 2020 Convertible Notes. This activity could increase (or reduce the size of any decrease in) the market price of our common stock or the Convertible Notes at that time.

In addition, the 2020 Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock in secondary market transactions following the pricing of the 2020 Convertible Notes and prior to the maturity of the Convertible Notes (and are likely to do so during any observation period related to a conversion of the 2020 Convertible Notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the Convertible Notes, which could affect a holder’s ability to convert the Convertible Notes and, to the extent the activity occurs during any observation period related to a conversion of the Convertible Notes, it could affect the amount and value of the consideration that a holder will receive upon conversion of the Convertible Notes.

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### ***The 2017 Convertible Notes convertible note hedge transactions and warrant transactions may affect the value of the Convertible Notes and our common stock.***

In connection with the offering and sale of the 2017 Convertible Notes, we entered into convertible note hedge transactions with certain financial institutions (the “2017 Option Counterparties”). The convertible note hedge transactions are expected to reduce the potential dilution and/or offset any cash payments we are required to make in excess of the principal amount upon conversion of the 2017 Convertible Notes. We also entered into warrant transactions with the 2017 Option Counterparties, which we amended in December 2013. The warrant transactions could separately have a dilutive effect on our earnings per share to the extent that the market price per share of our common stock exceeds the applicable strike price of the warrants. However, subject to certain conditions, we may elect to settle the warrant transactions in cash.

The 2017 Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock in secondary market transactions prior to the maturity of the Convertible Notes (and are likely to do so during any observation period related to a conversion of the 2017 Convertible Notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the Convertible Notes, which could affect a holder’s ability to convert the Convertible Notes and, to the extent the activity occurs during any observation period related to a conversion of the Convertible Notes, it could affect the amount and value of the consideration that a holder will receive upon conversion of the Convertible Notes.

### ***Provisions in our charter documents and Delaware law may delay or prevent acquisition of us, which could decrease the value of shares of our common stock.***

Our certificate of incorporation and bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of our Board of Directors. These provisions include advance notice provisions, limitations on actions by our stockholders by written consent and special approval requirements for transactions involving interested stockholders. We are authorized to issue up to five million shares of preferred stock, the relative rights and preferences of which may be fixed by our Board of Directors, subject to the provisions of our articles of incorporation, without stockholder approval. The issuance of preferred stock could be used to dilute the stock ownership of a potential hostile acquirer. The provisions that discourage potential acquisitions of us and adversely affect the voting power of the holders of common stock may adversely affect the price of our common stock and the value of the Convertible Notes.

### ***We do not intend to pay dividends on our common stock for the foreseeable future.***

We have never declared or paid cash dividends on our common stock. In addition, we must comply with the covenants in our credit facilities if we want to pay cash dividends. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend upon our financial condition, results of operations, capital requirements, restrictions contained in current or future financing instruments and such other factors as our Board of Directors deems relevant.

## **Item 1B—Unresolved Staff Comments**

None.

## Item 2—Properties

We lease the following properties with more than 30,000 square feet:

Location	Primary use	Approximate square footage
San Diego, CA	Corporate headquarters, call center, internal legal and consumer support services	133,000
Phoenix, AZ	Call center	32,000
St. Cloud, MN	Call center	46,000
Gurgaon, India	Call center and administrative offices	138,000
Warren, MI	Call center and internal legal	200,000
Tampa, FL	Call center	40,000
San Jose, Costa Rica	Call center	32,000
United Kingdom	Cabot corporate office	43,000

The properties listed in the table above are our principal properties and are primarily used in our portfolio purchasing and recovery business. We also lease other immaterial office space in the United States, United Kingdom, Ireland, Costa Rica, Colombia, and Peru.

We believe that our current leased facilities are generally well maintained and in good operating condition. We believe that these facilities are suitable and sufficient for our operational needs. Our policy is to improve, replace, and supplement the facilities as considered appropriate to meet the needs of our operations.

## Item 3—Legal Proceedings

Information with respect to this item may be found in Note 14, “Commitments and Contingencies,” to the consolidated financial statements in Item 8, which is incorporated herein by reference.

## Item 4—Mine Safety Disclosures

Not applicable.

**PART II****Item 5—Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the NASDAQ Global Select Market under the symbol “ECPG.”

The high and low sales prices of our common stock, as reported by NASDAQ Global Select Market for each quarter during our two most recent fiscal years, are reported below:

	Market Price	
	High	Low
Fiscal Year 2013		
First Quarter	\$33.07	\$27.88
Second Quarter	38.66	26.84
Third Quarter	46.97	32.68
Fourth Quarter	51.95	44.34
Fiscal Year 2012		
First Quarter	\$24.91	\$20.87
Second Quarter	29.64	21.42
Third Quarter	30.91	27.01
Fourth Quarter	30.72	24.34

The closing price of our common stock on February 3, 2014, was \$46.75 per share and there were 15 stockholders of record. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these stockholders of record.

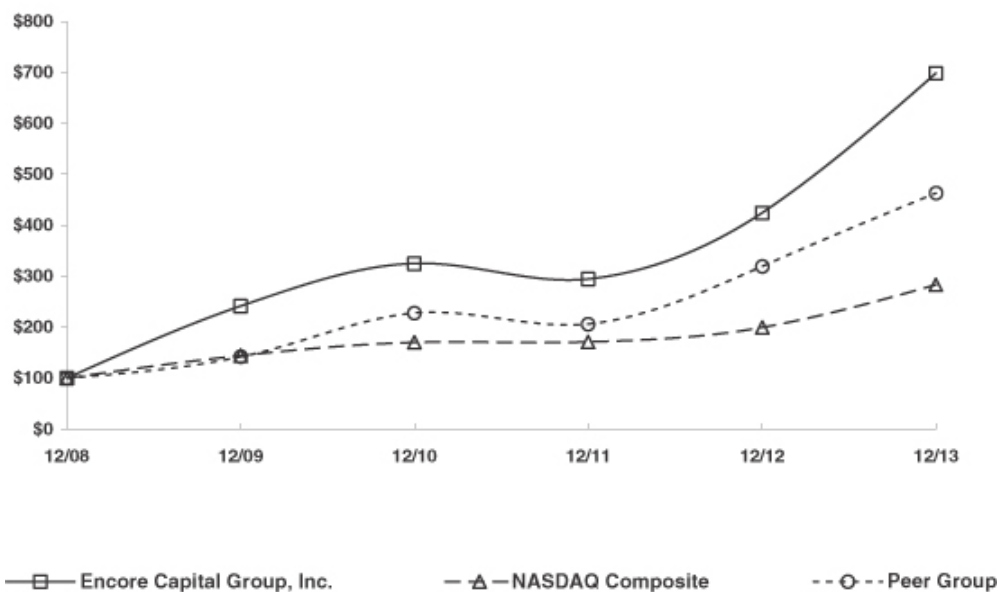


**Performance Graph**

The following Performance Graph and related information shall not be deemed “soliciting material” or “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares the total cumulative stockholder return on our common stock for the period from December 31, 2008 through December 31, 2013, with the cumulative total return of (a) the NASDAQ Index and (b) Asta Funding, Inc. and Portfolio Recovery Associates, Inc., which we believe are comparable companies. The comparison assumes that \$100 was invested on December 31, 2008, in our common stock and in each of the comparison indices. The stock price performance on the following graph is not necessarily indicative of future stock performance.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***  
Among Encore Capital Group, Inc., the NASDAQ Composite Index, and a Peer Group



\*\$100 invested on 12/31/08 in stock or index, including reinvestment of dividends.  
Fiscal year ending December 31.

	12/08	12/09	12/10	12/11	12/12	12/13
<b>Encore Capital Group, Inc.</b>	<b>100.00</b>	<b>241.67</b>	<b>325.69</b>	<b>295.28</b>	<b>425.28</b>	<b>698.06</b>
<b>NASDAQ Composite</b>	<b>100.00</b>	<b>144.88</b>	<b>170.58</b>	<b>171.30</b>	<b>199.99</b>	<b>283.39</b>
<b>Peer Group</b>	<b>100.00</b>	<b>141.81</b>	<b>228.35</b>	<b>206.90</b>	<b>320.37</b>	<b>462.98</b>

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### ***Equity Compensation Plans***

Information regarding our equity compensation plan required by this item is incorporated by reference to the information in Part III, Note 12 “Stock-Based Compensation” of this Annual Report on Form 10-K.

### ***Recent Sales of Unregistered Securities***

In June and July 2013, we sold \$172.5 million of 3.0% convertible senior notes due July 1, 2020 in a private placement transaction. Information regarding this transaction is set forth on our Current Reports on Form 8-K filed on June 19, 2013 and July 23, 2013.

### ***Dividend Policy***

As a public company, we have never declared or paid dividends on our common stock. However, the declaration, payment, and amount of future dividends, if any, is subject to the discretion of our board of directors, which may review our dividend policy from time to time in light of the then existing relevant facts and circumstances. Under the terms of our revolving credit facility, we are permitted to declare and pay dividends in an amount not to exceed, during any fiscal year, 20% of our audited consolidated net income for the then most recently completed fiscal year, so long as no default or unmatured default under the facility has occurred and is continuing or would arise as a result of the dividend payment. We may also be subject to additional dividend restrictions under future financing facilities.

### Item 6—Selected Financial Data

This table presents selected historical financial data of Encore Capital Group, Inc. and its consolidated subsidiaries. This information should be carefully considered in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. The selected data in this section are not intended to replace the consolidated financial statements. The selected financial data (except for “Selected Operating Data”) in the table below, as of December 31, 2011, 2010, and 2009 and for the years ended December 31, 2010 and 2009, were derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K. The selected financial data as of December 31, 2013, and 2012 and for the years ended December 31, 2013, 2012, and 2011, were derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The Selected Operating Data were derived from our books and records (*in thousands, except per share data*):

	As of and For The Year Ended December 31,				
	2013	2012	2011	2010	2009
<b>Revenues</b>					
Revenue from receivable portfolios, net <sup>(1)</sup>	\$ 744,870	\$ 545,412	\$ 448,714	\$ 364,294	\$ 299,732
Other revenues	12,588	905	32	72	73
Net interest income—tax lien business	15,906	10,460	—	—	—
<b>Total revenues</b>	<b>773,364</b>	<b>556,777</b>	<b>448,746</b>	<b>364,366</b>	<b>299,805</b>
<b>Operating expenses</b>					
Salaries and employee benefits	165,040	101,084	77,805	64,077	54,587
Cost of legal collections	186,959	168,703	157,050	121,085	112,570
Other operating expenses	66,649	48,939	35,708	32,055	22,620
Collection agency commissions	33,097	15,332	14,162	20,385	19,278
General and administrative expenses	109,713	61,798	39,760	29,798	25,738
Depreciation and amortization	13,547	5,840	4,081	2,552	1,771
<b>Total operating expenses</b>	<b>575,005</b>	<b>401,696</b>	<b>328,566</b>	<b>269,952</b>	<b>236,564</b>
Income from operations	198,359	155,081	120,180	94,414	63,241
<b>Other (expense) income</b>					
Interest expense	(73,269)	(25,564)	(21,116)	(19,349)	(16,160)
Other (expense) income	(4,222)	808	(395)	296	3,193
<b>Total other expense</b>	<b>(77,491)</b>	<b>(24,756)</b>	<b>(21,511)</b>	<b>(19,053)</b>	<b>(12,967)</b>
Income from continuing operations before income taxes	120,868	130,325	98,669	75,361	50,274
Provision for income taxes	(45,388)	(51,754)	(38,076)	(27,967)	(19,360)
Income from continuing operations	75,480	78,571	60,593	47,394	30,914
(Loss) income from discontinued operations, net of tax	(1,740)	(9,094)	365	1,658	2,133
Net income	73,740	69,477	60,958	49,052	33,047
Net loss attributable to noncontrolling interest	1,559	—	—	—	—
<b>Net income attributable to Encore Capital Group, Inc. stockholders</b>	<b>\$ 75,299</b>	<b>\$ 69,477</b>	<b>\$ 60,958</b>	<b>\$ 49,052</b>	<b>\$ 33,047</b>
<b>Amounts attributable to Encore Capital Group, Inc.:</b>					
Income from continuing operations	77,039	78,571	60,593	47,394	30,914
(Loss) income from discontinued operations, net of tax	(1,740)	(9,094)	365	1,658	2,133
<b>Net income</b>	<b>\$ 75,299</b>	<b>\$ 69,477</b>	<b>\$ 60,958</b>	<b>\$ 49,052</b>	<b>\$ 33,047</b>

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	As of and For The Year Ended December 31,				
	2013	2012	2011	2010	2009
<b>Earnings (loss) per share attributable to Encore Capital Group, Inc.:</b>					
Basic earnings (loss) per share from:					
Continuing operations	\$ 3.12	\$ 3.16	\$ 2.47	\$ 1.98	\$ 1.33
Discontinued operations	\$ (0.07)	\$ (0.36)	\$ 0.01	\$ 0.07	\$ 0.09
Net basic earnings per share	<u>\$ 3.05</u>	<u>\$ 2.80</u>	<u>\$ 2.48</u>	<u>\$ 2.05</u>	<u>\$ 1.42</u>
Diluted earnings (loss) per share from:					
Continuing operations	\$ 2.94	\$ 3.04	\$ 2.36	\$ 1.89	\$ 1.28
Discontinued operations	\$ (0.07)	\$ (0.35)	\$ 0.01	\$ 0.06	\$ 0.09
Net diluted earnings per share	<u>\$ 2.87</u>	<u>\$ 2.69</u>	<u>\$ 2.37</u>	<u>\$ 1.95</u>	<u>\$ 1.37</u>
Weighted-average shares outstanding:					
Basic	24,659	24,855	24,572	23,897	23,215
Diluted	26,204	25,836	25,690	25,091	24,082
Selected operating data:					
Purchases of receivable portfolios, at cost	\$1,204,779	\$ 562,335	\$386,850	\$361,957	\$256,632
Gross collections for the period	1,279,506	948,055	761,158	604,609	487,792
Consolidated statements of financial condition data:					
Cash and cash equivalents	\$ 126,213	\$ 17,510	\$ 8,047	\$ 10,905	\$ 8,388
Investment in receivable portfolios, net	1,590,249	873,119	716,454	644,753	526,877
Total assets	2,685,274	1,171,340	812,483	736,468	595,159
Total debt	1,850,431	706,036	388,950	385,264	303,075
Total liabilities	2,082,803	765,524	440,948	433,771	352,068
Total Encore stockholders' equity	571,897	405,816	371,535	302,697	243,091

<sup>(1)</sup> Includes net allowance reversal of \$12.2 million and \$4.2 million for the year ended December 31, 2013 and 2012, respectively, and net allowance charges of \$10.8 million, \$22.2 million, \$19.3 million, and \$41.4 million for the years ended December 31, 2011, 2010, 2009, and 2008, respectively.

## Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations

*This Annual Report on Form 10-K contains “forward-looking statements” relating to Encore Capital Group, Inc. (“Encore”) and its subsidiaries (which we may collectively refer to as the “Company,” “we,” “our” or “us”) within the meaning of the securities laws. The words “believe,” “expect,” “anticipate,” “estimate,” “project,” “intend,” “plan,” “will,” “may,” and similar expressions often characterize forward-looking statements. These statements may include, but are not limited to, projections of collections, revenues, income or loss, estimates of capital expenditures, plans for future operations, products or services, and financing needs or plans, as well as assumptions relating to these matters. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we caution that these expectations or predictions may not prove to be correct or we may not achieve the financial results, savings or other benefits anticipated in the forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, some of which may be beyond our control or cannot be predicted or quantified, that could cause actual results to differ materially from those suggested by the forward-looking statements. Many factors, including but not limited to, those set forth in this Annual Report on Form 10-K under “Part I, Item 1A. Risk Factors,” could cause our actual results, performance, achievements, or industry results to be very different from the results, performance, achievements or industry results expressed or implied by these forward-looking statements. Our business, financial condition, or results of operations could also be materially and adversely affected by other factors besides those listed. Forward-looking statements speak only as of the date the statements were made. We do not undertake any obligation to update or revise any forward-looking statements to reflect new information or future events, or for any other reason, even if experience or future events make it clear that any expected results expressed or implied by these forward-looking statements will not be realized. In addition, it is generally our policy not to make any specific projections as to future earnings, and we do not endorse projections regarding future performance that may be made by third parties.*

### Our Business and Operating Segments

We are an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of financial assets. We purchase portfolios of defaulted consumer receivables at deep discounts to face value and manage them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers’ unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings. Through certain subsidiaries, we are a market leader in portfolio purchasing and recovery in the United States. Our subsidiary, Janus Holdings Luxembourg S.a.r.l. (“Janus Holdings”), through its indirectly held United Kingdom-based subsidiary Cabot Credit Management Limited (“Cabot”), is a market leader in debt management in the United Kingdom specializing in portfolios consisting of higher balance, “semi-performing” accounts (*i.e.*, debt portfolios in which over 50% of accounts have made a payment in three of the last four months immediately prior to the portfolio purchase). Our newly acquired majority-owned subsidiary, Refinancia S.A. (“Refinancia”), is a market leader in management of non-performing loans in Colombia and Peru. In addition, through our subsidiary, Propel Financial Services, LLC and its subsidiaries (collectively, “Propel”), we assist Texas and Nevada property owners who are delinquent on their property taxes by paying these taxes on behalf of the property owners in exchange for payment agreements collateralized by a tax lien on the property. Through Propel, we also purchase tax liens in various other states directly from taxing authorities.

We conduct business through two reportable segments: portfolio purchasing and recovery and tax lien business. The operating results from our tax lien business segment are immaterial to our total consolidated operating results. However, the total segment assets are significant as compared to our total consolidated assets. As a result, in accordance with authoritative guidance on segment reporting, our tax lien business segment is determined to be a reportable segment.

Our long-term growth strategy involves extending our knowledge about financially distressed consumers, growing our core portfolio purchase and recovery business, expanding into new asset classes and geographic areas, utilizing our core capabilities to align our business, investor and financial strategies to drive top quartile shareholder return, and investing in initiatives to safeguard and promote consumer financial health.

### **Portfolio Purchasing and Recovery**

**United States.** Our portfolio purchasing and recovery segment purchases receivables based on robust, account-level valuation methods and employs proprietary statistical and behavioral models across the full extent of our operations. These investments allow us to value portfolios accurately (and limit the risk of overpaying), avoid buying portfolios that are incompatible with our methods or goals and align the accounts we purchase with our operational channels to maximize future collections. As a result, we have been able to realize significant returns from the receivables we acquire. We maintain strong relationships with many of the largest credit and telecommunication providers in the United States and believe we possess one of the industry's best collection staff retention rates.

While seasonality does not have a material impact on our portfolio purchasing and recovery segment, collections are generally strongest in our first calendar quarter, slower in the second and third calendar quarters, and slowest in the fourth calendar quarter. Relatively higher collections in the first quarter could result in a lower cost-to-collect ratio compared to the other quarters, as our fixed costs are constant and applied against a larger collection base. The seasonal impact on our business may also be influenced by our purchasing levels, the types of portfolios we purchase, and our operating strategies.

Collection seasonality with respect to our portfolio purchasing and recovery segment can also affect revenue as a percentage of collections, also referred to as our revenue recognition rate. Generally, revenue for each pool group declines steadily over time, whereas collections can fluctuate from quarter to quarter based on seasonality, as described above. In quarters with lower collections (*e.g.*, the fourth calendar quarter), the revenue recognition rate can be higher than in quarters with higher collections (*e.g.*, the first calendar quarter).

In addition, seasonality could have an impact on the relative level of quarterly earnings. In quarters with stronger collections, total costs are higher as a result of the additional efforts required to generate those collections. Since revenue for each pool group declines steadily over time, in quarters with higher collections and higher costs (*e.g.*, the first calendar quarter), all else being equal, earnings could be lower than in quarters with lower collections and lower costs (*e.g.*, the fourth calendar quarter). Additionally, in quarters where a greater percentage of collections come from our legal and agency outsourcing channels, cost to collect will be higher than if there were more collections from our internal collection sites.

**United Kingdom.** Through Cabot, we purchase receivable portfolios using a proprietary pricing model. This model allows Cabot to value portfolios with a high degree of accuracy and quantify portfolio performance in order to maximize future collections. As a result, Cabot has been able to realize significant returns from the assets it has acquired. Cabot maintains strong relationships with many of the largest financial service providers in the United Kingdom.

While seasonality does not have a material impact on Cabot's operations, collections are generally strongest in the second and third calendar quarters and slower in the first and fourth quarters, largely driven by the impact of the December holiday season and the New Year holiday, and the related impact on its customers' ability to repay their balances. This drives a higher level of plan defaults over this period, which are typically repaired across the first quarter of the following year. The August vacation season in the United Kingdom also has an unfavorable effect on the level of collections, but this is traditionally compensated for by higher collections in July and September.

**Colombia and Peru.** In December 2013, we acquired a majority ownership interest in Refinancia, a market leader in management of non-performing loans in Colombia and Peru. In addition to purchasing defaulted

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receivables, Refinancia offers portfolio management services to banks for non-performing loans. Refinancia also specializes in non-traditional niches in the geographic areas in which it operates, including providing financial solutions to individuals who have previously defaulted on their obligations, payment plan guarantee services to merchants and loan guarantee services to financial institutions.

### **Tax Lien Business**

Our tax lien business segment focuses on the property tax financing industry. Propel's principal activities are the acquisition and servicing of residential and commercial tax liens on real property. Propel's receivables secured by property tax liens include Texas tax liens, Nevada tax liens, and tax lien certificates (collectively, "Tax Liens"). With Texas and Nevada Tax Liens, Texas or Nevada property owners choose to have the taxing authority transfer their tax lien to Propel. Propel pays their tax lien obligation to the taxing authority and the property owner pays Propel over time at a lower interest rate than is being assessed by the taxing authority. Propel's arrangements with Texas and Nevada property owners provide them with repayment plans that are both affordable and flexible when compared with other payment options. Propel also purchases Tax Liens in various other states directly from taxing authorities, securing rights to future property tax payments, interest and penalties. In most cases, such Tax Liens continue to be serviced by the taxing authority. When the taxing authority is paid, it repays Propel the outstanding balance of the lien plus interest, which is established by statute or negotiated at the time of the purchase.

Revenue from our tax lien business segment comprised 2% of total consolidated revenues for each of the years ended December 31, 2013 and 2012. Operating income from our tax lien business segment comprised 2% and 3% of our total consolidated operating income for the years ended December 31, 2013 and 2012, respectively.

### **Cabot Acquisition**

On July 1, 2013, through our wholly owned subsidiary Encore Europe Holdings S.a.r.l., we completed the purchase of 50.1% of the equity interest in Janus Holdings, the indirect holding company of Cabot (the "Cabot Acquisition"), from an affiliate of J.C. Flowers & Co. LLC ("J.C. Flowers"). Our effective equity ownership of Cabot is approximately 42.9%, after reflecting the ownership of the noncontrolling interests. Cabot is a market leader in debt management in the United Kingdom specializing in higher balance, "semi-performing" accounts. We expect that the Cabot Acquisition will provide Cabot with access to more capital, which will enable Cabot to purchase additional debt and expand into other asset categories. In addition, the Cabot Acquisition provides synergy opportunities through Cabot's ability to leverage our analytic capabilities and efficient operating platform. Our initial focus is to help Cabot expand into the large secondary and tertiary markets by leveraging our analytical insights in these markets and utilizing our workforce in India, during the day, when this site would otherwise be dormant. Beginning in January 2014, our India call center began to service Cabot's United Kingdom accounts. The Cabot Acquisition also enables us to deploy capital globally in a market that we believe has strong growth potential. Cabot continues to be a stand-alone entity. It will retain its current staff and brand and continue to be run as its own company. The consolidated statements of comprehensive income for the year ended December 31, 2013 include the results of operations of Janus Holdings only since the closing date of the Cabot Acquisition.

As discussed in Note 1, "Ownership, Description of Business and Summary of Significant Accounting Policies" in the notes to our consolidated financial statements, we have determined that our less than wholly owned subsidiary, Janus Holdings is a Variable Interest Entity, or VIE, and that we are the primary beneficiary of the VIE. As a result, the financial results of Janus Holdings are consolidated under the VIE consolidation model. Consequently, all financial data included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" has been presented on a consolidated basis prior to the allocation of noncontrolling interests.

On February 7, 2014, Cabot acquired Marlin Financial Group Limited ("Marlin"), a leading acquirer of non-performing consumer debt in the United Kingdom. Marlin is differentiated by its proven competitive advantage in

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the use of litigation-enhanced collections for non-paying financial services receivables. We expect Marlin's litigation capabilities will create substantial uplift from Cabot's existing portfolio of non-performing accounts. Similarly, we believe that there may be further synergies by applying Cabot's scoring model to Marlin's portfolio.

### **AACC Merger**

On June 13, 2013, we completed our merger with Asset Acceptance Capital Corp. ("AACC"), another leading provider of debt management and recovery solutions in the United States (the "AACC Merger"). We believe that our operating and cost advantages will improve the profitability of AACC's investments and that the AACC Merger will provide us with valuable operations capabilities and synergy opportunities. However, the success of the merger will depend on our ability to successfully integrate AACC's business with our business in a cost-effective manner that does not disrupt the existing business relationships of either company. The consolidated statements of comprehensive income for the year ended December 31, 2013 include the results of operations of AACC only since the closing date of the AACC Merger.

In January 2012, Asset Acceptance, LLC, a subsidiary of AACC, entered into a consent decree with the Federal Trade Commission ("FTC"). The consent decree ended an FTC investigation into Asset Acceptance, LLC's compliance with the Federal Trade Commission Act, Fair Debt Collection Practices Act and Fair Credit Reporting Act. As part of the consent decree, Asset Acceptance, LLC agreed to undertake certain consumer protection practices, including, among other things, furnishing additional disclosures when collecting debt past the statute of limitations, and paid a civil penalty of \$2,500,000. These practices continue to apply to the portfolios we purchased as a result of the AACC Merger. We do not expect compliance with the consent decree to have a material effect on our business.

### **Purchases and Collections**

#### ***Portfolio Pricing, Supply and Demand***

##### ***United States Markets***

Prices for portfolios offered for sale directly from credit issuers continued to remain elevated during the third and fourth quarters of 2013, especially for fresh portfolios. Fresh portfolios are portfolios that are generally transacted within six months of the consumer's account being charged-off by the financial institution. We believe this elevated pricing is due to a reduction in the supply of charged-off accounts and continued demand in the marketplace. We believe that the reduction in supply is partially due to shifts in underwriting standards by financial institutions, which have resulted in lower volumes of charged-off accounts. We believe that this reduction in supply is also the result of certain financial institutions temporarily halting their sales of charged-off accounts while they conduct audits of debt management and recovery companies, including Encore. While we anticipate that most issuers will return to the market this year, we expect that pricing will remain at these elevated levels for some period of time. We believe that pricing will not decline until buyers who have paid prices that are too high recognize that they are unable to realize a profit or until the financial institutions complete their audits of debt management and recovery companies and resume selling their charged-off accounts in volumes greater than current levels. The AACC Merger accounted for a significant portion of our 2013 forecasted purchases and, as a result, we slowed our purchasing efforts in the third and fourth quarters of 2013 as compared to the same period in 2012.

We believe that smaller competitors are facing difficulties in the portfolio purchasing market because of the high cost to operate due to regulatory pressure and because the issuers are being more selective with buyers in the marketplace, resulting in consolidation within the portfolio purchasing and recovery industry. We believe this favors larger participants in this market, such as us, because the larger market participants are better able to adapt to these pressures. Furthermore, as smaller competitors limit their participation in or exit the market, it may provide additional opportunities for us to purchase portfolios from competitors or to acquire competitors directly.



**United Kingdom Markets**

While prices for portfolios offered for sale directly from credit issuers in the United Kingdom remain at levels higher than historical averages, as a result of a backlog caused by issuers reducing their sales volumes during the 2008-2010 time period, we believe that the supply of debt sold to debt purchasers has increased and is expected to increase further in the coming year. Additionally, over the last few years, portfolios are being sold earlier in the life cycle, and therefore, include a higher proportion of paying accounts. We expect, that as a result of an increase in available funding to industry participants and lower return requirements for certain debt purchasers, pricing will remain elevated. However, we also believe that as Cabot's business increases in scale, and with anticipated improvements in the rate of collections and improved efficiencies in collections, Cabot's margins will remain competitive. Additionally, the acquisition of Marlin resulted in a new channel of liquidation through litigation in the United Kingdom, which will enable us to collect from consumers who have the ability to pay, but are unwilling to do so. This further complements Cabot's success with collecting on semi-performing debt, where consumers have a high willingness to pay. We believe that the combined companies will have an enhanced ability to compete for portfolios.

**Purchases by Type**

The following table summarizes the types of charged-off consumer receivable portfolios we purchased for the periods presented (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
Credit card—United States <sup>(1)</sup>	\$ 525,106	\$395,404	\$346,324
Credit card—United Kingdom <sup>(2)</sup>	620,900	—	—
Consumer bankruptcy receivables—United States <sup>(1)(3)</sup>	39,897	83,578	1,644
Telecom	18,876	83,353	38,882
	<u>\$1,204,779</u>	<u>\$562,335</u>	<u>\$386,850</u>

<sup>(1)</sup> Purchases of consumer portfolio receivables in the United States for the year ended December 31, 2013 include \$383.4 million acquired in connection with the AACC Merger (\$347.7 million for credit card and \$35.7 million for consumer bankruptcy receivables).

<sup>(2)</sup> Purchases of consumer portfolio receivables in the United Kingdom for the year ended December 31, 2013 include \$559.0 million acquired in connection with the Cabot Acquisition.

<sup>(3)</sup> Represents portfolio receivables subject to Chapter 13 and Chapter 7 bankruptcy proceedings acquired from issuers and portfolio resellers.

During the year ended December 31, 2013, we invested \$1.2 billion to acquire portfolios, primarily charged-off credit card portfolios, with face values aggregating \$84.9 billion, for an average purchase price of 1.4% of face value. Purchases of charged-off credit card portfolios include \$383.4 million and \$559.0 million of portfolio acquired in conjunction with the AACC Merger and Cabot Acquisition, respectively. During the year ended December 31, 2012, we invested \$562.3 million to acquire portfolios with a face value aggregating \$18.5 billion, for an average purchase price of 3.0% of face value. During the year ended December 31, 2011, we invested \$386.9 million for portfolios with face values aggregating \$11.7 billion, for an average purchase price of 3.3% of face value.

Average purchase price, as a percentage of face value, varies from period to period depending on, among other things, the quality of the accounts purchased and the length of time from charge-off to the time we purchase the portfolios. The low purchase rate for the year ending December 31, 2013 is related to the portfolio acquired in connection with the AACC Merger. This low rate is a result of us acquiring the entire portfolio of AACC, which included accounts to which we ascribed little or no value and which we have no intention to collect.

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### **Collections by Channel**

We currently utilize various business channels for the collection of our receivables. The following table summarizes the total collections by collection channel and geographic areas (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
<b>United States:</b>			
Legal collections	\$ 564,645	\$ 448,377	\$ 377,455
Collection sites	465,974	442,083	336,046
Collection agencies <sup>(1)</sup>	114,628	57,595	47,657
Subtotal	<u>1,145,247</u>	<u>948,055</u>	<u>761,158</u>
<b>United Kingdom:</b>			
Collection sites	74,916	—	—
Collection agencies	59,343	—	—
Subtotal	<u>134,259</u>	<u>—</u>	<u>—</u>
<b>Total collections</b>	<u>\$ 1,279,506</u>	<u>\$ 948,055</u>	<u>\$ 761,158</u>

<sup>(1)</sup> Collections through our collection agency channel in the United States include accounts subject to bankruptcy filings collected by others. Additionally, collection agency collections often include accounts purchased from a competitor where we maintain the collection agency servicing until the accounts can be recalled and placed in our collection channels.

Gross collections increased \$331.5 million, or 35.0%, to \$1.3 billion during the year ended December 31, 2013, from \$948.1 million during the year ended December 31, 2012, primarily due to increased portfolio purchases in the current and prior years.

Gross collections increased \$186.9 million, or 24.6%, to \$948.1 million during the year ended December 31, 2012, from \$761.2 million during the year ended December 31, 2011.

[Table of Contents](#)**Results of Operations**

Results of operations, in dollars and as a percentage of total revenue, were as follows (in thousands, except percentages):

	Year Ended December 31,					
	2013		2012		2011	
<b>Revenues</b>						
Revenue from receivable portfolios, net	\$ 744,870	96.3%	\$ 545,412	98.0%	\$ 448,714	100.0%
Other revenues	12,588	1.6%	905	0.1%	32	0.0%
Net interest income—tax lien business	15,906	2.1%	10,460	1.9%	—	0.0%
Total revenues	<u>773,364</u>	<u>100.0%</u>	<u>556,777</u>	<u>100.0%</u>	<u>448,746</u>	<u>100.0%</u>
<b>Operating expenses</b>						
Salaries and employee benefits	165,040	21.3%	101,084	18.2%	77,805	17.3%
Cost of legal collections	186,959	24.2%	168,703	30.3%	157,050	35.0%
Other operating expenses	66,649	8.6%	48,939	8.8%	35,708	8.0%
Collection agency commissions	33,097	4.3%	15,332	2.7%	14,162	3.1%
General and administrative expenses	109,713	14.2%	61,798	11.1%	39,760	8.9%
Depreciation and amortization	13,547	1.8%	5,840	1.0%	4,081	0.9%
Total operating expenses	<u>575,005</u>	<u>74.4%</u>	<u>401,696</u>	<u>72.1%</u>	<u>328,566</u>	<u>73.2%</u>
Income from operations	<u>198,359</u>	<u>25.6%</u>	<u>155,081</u>	<u>27.9%</u>	<u>120,180</u>	<u>26.8%</u>
<b>Other (expense) income</b>						
Interest expense	(73,269)	(9.5)%	(25,564)	(4.6)%	(21,116)	(4.7)%
Other (expense) income	(4,222)	(0.5)%	808	0.1%	(395)	(0.1)%
Total other expense	<u>(77,491)</u>	<u>(10.0)%</u>	<u>(24,756)</u>	<u>(4.5)%</u>	<u>(21,511)</u>	<u>(4.8)%</u>
Income from continuing operations before income taxes	120,868	15.6%	130,325	23.4%	98,669	22.0%
Provision for income taxes	(45,388)	(5.9)%	(51,754)	(9.3)%	(38,076)	(8.5)%
Income from continuing operations	75,480	9.7%	78,571	14.1%	60,593	13.5%
(Loss) income from discontinued operations, net of tax	(1,740)	(0.2)%	(9,094)	(1.6)%	365	0.1%
Net income	<u>\$ 73,740</u>	<u>9.5%</u>	<u>\$ 69,477</u>	<u>12.5%</u>	<u>\$ 60,958</u>	<u>13.6%</u>
Net loss attributable to noncontrolling interest	1,559	0.2%	—	0.0%	—	0.0%
Net income attributable to Encore shareholders	<u>\$ 75,299</u>	<u>9.7%</u>	<u>\$ 69,477</u>	<u>12.5%</u>	<u>\$ 60,958</u>	<u>13.6%</u>

**Non-GAAP Disclosure**

In addition to the financial information prepared in conformity with Generally Accepted Accounting Principles (“GAAP”), we provide certain historical non-GAAP financial information. Management believes that the presentation of such non-GAAP financial information is meaningful and useful in understanding the activities and business metrics of our operations. Management believes that these non-GAAP financial measures reflect an additional way of viewing aspects of our business that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business.

Management believes that the presentation of these measures provides investors with greater transparency and facilitates comparison of operating results across a broad spectrum of companies with varying capital structures, compensation strategies, derivative instruments, and amortization methods, which provide a more complete understanding of our financial performance, competitive position, and prospects for the future. Readers

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should consider the information in addition to, but not instead of, our financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of these measures for comparative purposes.

**Adjusted Income from Continuing Operations Per Share.** Management believes that investors regularly rely on non-GAAP adjusted income and adjusted income per share, to assess operating performance, in order to highlight trends in our business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP. Adjusted income from continuing operations attributable to Encore excludes non-cash interest and issuance cost amortization relating to our convertible notes, one-time charges and acquisition and integration related expenses, all net of tax. The following table provides a reconciliation between income from continuing operations and diluted income from continuing operations per share attributable to Encore calculated in accordance with GAAP to adjusted income from continuing operations and adjusted income from continuing operations per share attributable to Encore, respectively. In addition, as described in Note 1, "Ownership, Description of Business and Summary of Significant Accounting Policies – Earnings Per Share" to the notes to our consolidated financial statements, GAAP diluted earnings per share includes the dilutive effect of approximately 595,000 common shares issuable upon the conversion of our convertible senior notes due 2017 for year ended December 31, 2013, reflecting a conversion price of \$31.56 for those notes. However, as described in Note 10, "Debt—Convertible Senior Notes—2017 Convertible Senior Notes" in the notes to our consolidated financial statements, the convertible note hedge transactions and warrant transactions entered into in connection with those notes have the effect of increasing the effective conversion price of those notes to \$44.19. Accordingly, while these common shares are included in our diluted earnings per share, the convertible note hedge and warrant transactions will offset the impact of this dilution and no shares will be issued unless our stock price exceeds \$44.19 at the time of conversion, thereby creating a discrepancy between the accounting effect of those notes under GAAP and their economic impact. On December 16, 2013, we entered into amendments with the same counterparties to increase the strike price of the warrants from \$44.19 to \$60.00. All other terms and settlement provisions remain unchanged. Approximately 358,000 shares of the warrants had been modified by December 31, 2013. The remaining 3.2 million shares represented by the warrants were modified between January 1, 2014 and February 6, 2014. We have presented the following metrics both including and excluding the dilutive effect of the convertible notes due 2017 to better illustrate the economic impact of those notes to shareholders (*in thousands, except per share data*):

	Year Ended December 31,						
	2013			2012		2011	
	\$	Per Diluted Share— Accounting	Per Diluted Share— Economic	\$	Per Diluted Share	\$	Per Diluted Share
GAAP net income from continuing operations attributable to Encore, as reported	\$77,039	\$ 2.94	\$ 3.01	\$78,571	\$ 3.04	\$60,593	\$ 2.36
Adjustments:							
Convertible notes non-cash interest and issuance cost amortization, net of tax	3,274	0.12	0.13	191	0.01	—	—
Acquisition related legal and advisory fees, net of tax	12,981	0.50	0.51	2,567	0.10	—	—
Acquisition related integration and severance costs, and consulting fees, net of tax	3,304	0.13	0.13	—	—	—	—
Acquisition related other expenses, net of tax	2,198	0.08	0.08	—	—	—	—
Adjusted income from continuing operations attributable to Encore	<u>\$98,796</u>	<u>\$ 3.77</u>	<u>\$ 3.86</u>	<u>\$81,329</u>	<u>\$ 3.15</u>	<u>\$60,593</u>	<u>\$ 2.36</u>

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**Adjusted EBITDA.** Management utilizes adjusted EBITDA (defined as net income before interest, taxes, depreciation and amortization, stock-based compensation expenses, portfolio amortization, one-time charges, and acquisition and integration related expenses), which is materially similar to a financial measure contained in covenants used in the Encore revolving credit and term loan facility, in the evaluation of our operations and believes that this measure is a useful indicator of our ability to generate cash collections in excess of operating expenses through the liquidation of our receivable portfolios. Adjusted EBITDA for the periods presented is as follows (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
GAAP net income, as reported	\$ 73,740	\$ 69,477	\$ 60,958
Adjustments:			
Loss (income) from discontinued operations, net of tax	1,740	9,094	(365)
Interest expense	73,269	25,564	21,116
Provision for income taxes	45,388	51,754	38,076
Depreciation and amortization	13,547	5,840	4,081
Amount applied to principal on receivable portfolios	534,654	402,594	312,297
Stock-based compensation expense	12,649	8,794	7,709
Acquisition related legal and advisory fees	20,236	4,263	—
Acquisition related integration and severance costs, and consulting fees	5,455	—	—
Acquisition related other expenses	3,630	—	—
Adjusted EBITDA	<u>\$784,308</u>	<u>\$577,380</u>	<u>\$443,872</u>

**Adjusted Operating Expenses.** Management utilizes adjusted operating expenses in order to facilitate a comparison of approximate cash costs to cash collections for the portfolio purchasing and recovery business. Adjusted operating expenses for our portfolio purchasing and recovery business are calculated by starting with GAAP total operating expenses and backing out stock-based compensation expense, operating expenses related to non-portfolio purchasing and recovery business, one-time charges, and acquisition and integration related operating expenses. Operating expenses related to non-portfolio purchasing and recovery business include operating expenses from our tax lien business and other non-reportable operating segments, as well as corporate overhead related to the management of these operating segments, and merger and acquisition activities. Adjusted operating expenses related to our portfolio purchasing and recovery business for the periods presented are as follows (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
GAAP total operating expenses, as reported	\$575,005	\$401,696	\$328,566
Adjustments:			
Stock-based compensation expense	(12,649)	(8,794)	(7,709)
Operating expenses related to non-portfolio purchasing and recovery business	(36,511)	(9,291)	(986)
Acquisition related legal and advisory fees	(20,236)	(4,263)	—
Acquisition related integration and severance costs, and consulting fees	(5,455)	—	—
Adjusted operating expenses	<u>\$500,154</u>	<u>\$379,348</u>	<u>\$319,871</u>

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**Comparison of Results of Operations**

**Year Ended December 31, 2013 Compared to Year Ended December 31, 2012**

**Revenues**

Our revenues consist primarily of portfolio revenue, contingent fee income, and net interest income from our tax lien business.

Portfolio revenue consists of accretion revenue and zero basis revenue. Accretion revenue represents revenue derived from pools (quarterly groupings of purchased receivable portfolios) with a cost basis that has not been fully amortized. Revenue from pools with a remaining unamortized cost basis is accrued based on each pool's effective interest rate applied to each pool's remaining unamortized cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances. The effective interest rate is the Internal Rate of Return ("IRR") derived from the timing and amounts of actual cash received and anticipated future cash flow projections for each pool. All collections realized after the net book value of a portfolio has been fully recovered, or Zero Basis Portfolios, are recorded as revenue, or Zero Basis Revenue. We account for our investment in receivable portfolios utilizing the interest method in accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality. Interest income, net of related interest expense represents net interest income on receivables secured by property tax liens.

The following tables summarize collections, revenue, end of period receivable balance and other related supplemental data, by year of purchase from our portfolio purchasing and recovery segment (*in thousands, except percentages*):

	Year Ended December 31, 2013					As of December 31, 2013	
	Collections <sup>(1)</sup>	Gross Revenue <sup>(2)</sup>	Revenue Recognition Rate <sup>(3)</sup>	Net Reversal (Portfolio Allowance)	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
<b>United States:</b>							
ZBA	\$ 27,118	\$ 17,201	63.4%	\$ 9,918	2.3%	\$ —	—
2005.....	2,364	239	10.1%	10	0.0%	—	—
2006	8,780	3,181	36.2%	(184)	0.4%	2,466	5.2%
2007	12,204	5,409	44.3%	2,001	0.7%	5,654	7.6%
2008	41,512	24,377	58.7%	448	3.3%	17,617	9.5%
2009	80,311	54,130	67.4%	—	7.4%	21,009	18.1%
2010	156,773	102,595	65.4%	—	14.0%	50,230	13.8%
2011	225,546	133,396	59.1%	—	18.2%	103,025	8.9%
2012	353,982	163,443	46.2%	—	22.3%	277,799	4.3%
2013	236,657	144,281	61.0%	—	19.8%	492,137	4.3%
Total	<u>\$1,145,247</u>	<u>\$648,252</u>	<u>56.6%</u>	<u>\$ 12,193</u>	<u>88.4%</u>	<u>\$ 969,937</u>	<u>5.7%</u>
<b>United Kingdom:</b>							
2013	134,259	84,407	62.9%	—	11.6%	620,312	2.4%
Total	<u>\$1,279,506</u>	<u>\$732,659</u>	<u>57.3%</u>	<u>\$ 12,193</u>	<u>100.0%</u>	<u>\$1,590,249</u>	<u>4.4%</u>

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	Year Ended December 31, 2012					As of December 31, 2012	
	Collections <sup>(1)</sup>	Gross Revenue <sup>(2)</sup>	Revenue Recognition Rate <sup>(3)</sup>	Net Reversal (Portfolio Allowance)	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
ZBA <sup>(4)</sup>	\$ 26,275	\$ 22,575	85.9%	\$ 3,702	4.2%	\$ —	—
2005	11,859	3,647	30.8%	2,024	0.7%	2,115	5.6%
2006	12,818	7,910	61.7%	(4,247)	1.5%	8,238	5.1%
2007	17,055	8,922	52.3%	129	1.6%	10,449	5.1%
2008	59,037	32,567	55.2%	2,613	6.0%	34,316	6.9%
2009	111,379	70,210	63.0%	—	13.0%	47,230	10.0%
2010	220,647	134,875	61.1%	—	24.9%	104,466	8.8%
2011	301,215	163,165	54.2%	—	30.1%	195,629	5.9%
2012	187,721	97,320	51.8%	—	18.0%	470,676	2.8%
Total	\$ 948,006	\$541,191	57.1%	\$ 4,221	100.0%	\$ 873,119	4.8%

(1) Does not include amounts collected on behalf of others.

(2) Gross revenue excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(3) Revenue recognition rate excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(4) ZBA revenue typically has a 100% revenue recognition rate. However, collections on ZBA pool groups where a valuation allowance remains must first be recorded as an allowance reversal until the allowance for that pool group is zero. Once the entire valuation allowance is reversed, the revenue recognition rate will become 100%.

Total revenues were \$773.4 million during the year ended December 31, 2013, an increase of \$216.6 million, or 38.9%, compared to total revenues of \$556.8 million during the year ended December 31, 2012.

Accretion revenue from our portfolio purchasing and recovery segment was \$744.9 million during the year ended December 31, 2013, an increase of \$199.5 million, or 36.6%, compared to revenue of \$545.4 million during the year ended December 31, 2012. The increase in portfolio revenue during the year ended December 31, 2013 compared to 2012 was due to additional accretion revenue associated with a higher portfolio balance, primarily associated with the Cabot Acquisition and the AACC Merger, and increases in yields on certain pool groups due to over-performance. During the year ended December 31, 2013, we recorded a portfolio allowance reversal of \$12.2 million, compared to a net portfolio allowance reversal of \$4.2 million during the year ended December 31, 2012.

Other revenues primarily represent contingent fee income at our Cabot subsidiary earned on accounts collected on behalf of others, primarily credit originators. This contingent fee based revenue was \$11.1 million for the year ended December 31, 2013.

Net interest income from our tax lien business segment was \$15.9 million for the year ended December 31, 2013 and \$10.5 million for the period from acquisition, May 8, 2012 through December 31, 2012.

### Operating Expenses

Total operating expenses were \$575.0 million during the year ended December 31, 2013, an increase of \$173.3 million, or 43.1%, compared to total operating expenses of \$401.7 million during the year ended December 31, 2012.

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Operating expenses are explained in more detail as follows:

### **Salaries and Employee Benefits**

Salaries and employee benefits increased \$63.9 million, or 63.3%, to \$165.0 million during the year ended December 31, 2013, from \$101.1 million during the year ended December 31, 2012. The increase was primarily the result of increases in headcount as a result of the Cabot Acquisition, the AACC Merger, and increases in headcount and related compensation expense to support our growth. Salaries and employee benefits related to our internal legal channel in the United States were approximately \$17.2 million and \$7.0 million for the years ended December 31, 2013 and 2012, respectively.

Stock-based compensation increased \$3.8 million, or 43.8%, to \$12.6 million during the year ended December 31, 2013, from \$8.8 million during the year ended December 31, 2012. This increase was primarily attributable to the higher fair value of equity awards granted in recent periods due to an increase in our stock price and an increase in the number of shares granted.

Salaries and employee benefits broken down between the reportable segments are as follows (*in thousands*):

	Year Ended December 31,	
	2013	2012
Salaries and employee benefits:		
Portfolio purchasing and recovery	\$ 159,318	\$ 98,173
Tax lien business <sup>(1)</sup>	5,722	2,911
	<u>\$ 165,040</u>	<u>\$ 101,084</u>

<sup>(1)</sup> Tax lien business segment for the year ended December 31, 2012 only includes the period from May 8, 2012 (date of acquisition) through December 31, 2012.

### **Cost of Legal Collections—Portfolio Purchasing and Recovery**

The cost of legal collections increased \$18.3 million, or 10.8%, to \$187.0 million during the year ended December 31, 2013, compared to \$168.7 million during the year ended December 31, 2012. These costs represent contingent fees paid to our nationwide network of attorneys and costs of litigation in the United States. The increase in the cost of legal collections was primarily the result of an increase of \$116.3 million, or 25.9%, in gross collections through our legal channels. Gross legal collections were \$564.6 million during the year ended December 31, 2013, up from \$448.4 million collected during the year ended December 31, 2012. The cost of legal collections decreased as a percentage of gross collections through this channel to 33.1% during the year ended December 31, 2013 from 37.6% during the same period in the prior year. This decrease was primarily due to increased collections in our internal legal channel for which we do not pay a commission.



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The following table summarizes our legal collection channel performance and related direct costs (*in thousands, except percentages*):

	Year Ended December 31,			
	2013		2012	
<b>Collections:</b>				
Collections—legal outsourcing	\$468,677	83.0%	\$429,597	95.8%
Collections—internal legal	95,968	17.0%	18,780	4.2%
<b>Total collections—legal networks</b>	<b>\$564,645</b>	<b>100.0%</b>	<b>\$448,377</b>	<b>100.0%</b>
<b>Costs:</b>				
Commissions—legal outsourcing	123,269	26.3%	110,256	25.7%
Court cost expense—legal outsourcing <sup>(1)</sup>	40,548		49,407	
Court cost expense—internal legal <sup>(1)</sup>	18,718		6,378	
Other <sup>(2)</sup>	4,424		2,662	
<b>Total direct costs—legal networks<sup>(3)</sup></b>	<b>\$186,959</b>	<b>33.1%</b>	<b>\$168,703</b>	<b>37.6%</b>

<sup>(1)</sup> We advance certain out-of-pocket court costs and capitalize these costs in our consolidated financial statements and provide a reserve and corresponding court cost expense for the costs that we believe will be ultimately uncollectible. This amount includes changes in our anticipated recovery rate of court costs expensed.

<sup>(2)</sup> Other costs consist of costs related to counter claims and legal network subscription fees.

<sup>(3)</sup> Total direct costs—legal networks do not include internal legal channel employee salaries and benefits, and other related direct operating expenses. These expenses were \$26.7 million and \$9.9 million for the year ended December 31, 2013 and 2012, respectively.

### Other Operating Expenses

Other operating expenses increased \$17.7 million, or 36.2%, to \$66.6 million during the year ended December 31, 2013, from \$48.9 million during the year ended December 31, 2012. The increase was primarily the result of the Cabot Acquisition and the AACC Merger. The increase was partially offset by a reduction in mailing costs and various other operating expenses.

Other operating expenses broken down between the reportable segments are as follows (*in thousands*):

	Year Ended December 31,	
	2013	2012
<b>Other operating expenses:</b>		
Portfolio purchasing and recovery	\$ 63,228	\$ 47,501
Tax lien business <sup>(1)</sup>	3,421	1,438
	<b>\$ 66,649</b>	<b>\$ 48,939</b>

<sup>(1)</sup> Tax lien business segment for the year ended December 31, 2012 only includes the period from May 8, 2012 (date of acquisition) through December 31, 2012.

### Collection Agency Commissions—Portfolio Purchasing and Recovery

During the year ended December 31, 2013, we incurred \$33.1 million in commissions to third party collection agencies, or 19.0% of the related gross collections of \$174.0 million. During the period, the commission rate as a percentage of related gross collections was 19.9% and 17.4% for our collection outsourcing channels in the United States and United Kingdom, respectively. During the year ended December 31, 2012, we incurred \$15.3 million in commissions, or 26.6%, of the related gross collections of \$57.6 million. The decrease in the net commission rate as a percentage of the related gross collections was primarily due to the lower commission rates on purchased bankruptcy receivable portfolios in the United States as a result of our increased

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purchase of bankruptcy receivable portfolios in recent periods and, the lower commission rates for collection agencies in the United Kingdom as compared to the rates in the United States.

### **General and Administrative Expenses**

General and administrative expenses increased \$47.9 million, or 77.5%, to \$109.7 million during the year ended December 31, 2013, from \$61.8 million during the year ended December 31, 2012. The increase was primarily the result of the Cabot Acquisition, the AACC Merger, and general increases in expense in order to support our growth, including acquisition and integration related costs of \$21.6 million, an increase in IT consulting and other IT expenses of \$9.1 million, and an increase in building rent of \$4.0 million.

General and administrative expenses broken down between the reportable segments are as follows (*in thousands*):

	Year Ended December 31,	
	2013	2012
General and administrative expenses:		
Portfolio purchasing and recovery	\$ 106,814	\$ 60,466
Tax lien business <sup>(1)</sup>	2,899	1,332
	<u>\$ 109,713</u>	<u>\$ 61,798</u>

<sup>(1)</sup> Tax lien business segment for the year ended December 31, 2012 only includes the period from May 8, 2012 (date of acquisition) through December 31, 2012.

### **Depreciation and Amortization**

Depreciation and amortization expense increased \$7.7 million, or 132.0%, to \$13.5 million during the year ended December 31, 2013, from \$5.8 million during the year ended December 31, 2012. The increase during the year ended December 31, 2013 was primarily related to increased depreciation expenses resulting from the acquisition of fixed assets in the current and prior years and additional depreciation and amortization expenses from our Cabot subsidiary.

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### Cost per Dollar Collected—Portfolio Purchasing and Recovery

The following tables summarize our cost per dollar collected (in thousands, except percentages):

	Year Ended December 31,							
	2013				2012			
	Collections	Cost	Cost Per Channel Dollar Collected	Cost Per Total Dollar Collected	Collections	Cost	Cost Per Channel Dollar Collected	Cost Per Total Dollar Collected
<b>United States:</b>								
Collection sites <sup>(1)</sup>	\$ 465,974	\$ 33,671	7.2%	2.9%	\$442,083	\$ 27,606	6.2%	2.9%
Legal outsourcing	468,677	168,241	35.9%	14.7%	429,597	162,325	37.8%	17.1%
Internal legal <sup>(2)</sup>	95,968	45,393	47.3%	4.0%	18,780	16,244	86.5%	1.7%
Collection agencies	114,628	22,786	19.9%	2.0%	57,595	15,332	26.6%	1.6%
Other indirect costs <sup>(3)</sup>	—	193,849	—	16.9%	—	157,841	—	16.7%
<b>Subtotal</b>	<b>1,145,247</b>	<b>463,940</b>		<b>40.5%</b>	<b>948,055</b>	<b>379,348</b>		<b>40.0%</b>
<b>United Kingdom:</b>								
Collection sites <sup>(1)</sup>	74,916	4,377	5.8%	3.3%	—	—	—	—
Collection agencies	59,343	10,311	17.4%	7.7%	—	—	—	—
Other indirect costs <sup>(3)</sup>	—	21,526	—	16.0%	—	—	—	—
<b>Subtotal</b>	<b>134,259</b>	<b>36,214</b>		<b>27.0%</b>	<b>—</b>	<b>—</b>		<b>—</b>
<b>Total</b>	<b>\$1,279,506</b>	<b>\$500,154<sup>(4)</sup></b>		<b>39.1%</b>	<b>\$948,055</b>	<b>\$379,348<sup>(4)</sup></b>		<b>40.0%</b>

<sup>(1)</sup> Cost in collection sites represents only account managers and their supervisors' salaries, variable compensation, and employee benefits. Collection sites in the United States include collection site expenses for our India and Costa Rica call centers.

<sup>(2)</sup> Cost in internal legal channel represents court costs expensed, internal legal channel employee salaries and benefits, and other related direct operating expenses.

<sup>(3)</sup> Other indirect costs represent non-collection site salaries and employee benefits, general and administrative expenses, other operating expenses and depreciation and amortization.

<sup>(4)</sup> Represents all operating expenses, excluding stock-based compensation expense, operating expenses related to non-portfolio purchasing and recovery business, one-time charges, and acquisition and integration related operating expenses. We include this information in order to facilitate a comparison of approximate cash costs to cash collections for the debt purchasing business in the periods presented. Refer to the "Non-GAAP Disclosure" section for further details.

During the year ended December 31, 2013, overall cost per dollar collected decreased by 90 basis points to 39.1% of gross collections from 40.0% of gross collections during the year ended December 31, 2012. This decrease was primarily due to the lower cost to collect at our Cabot subsidiary in the United Kingdom. During the same periods, cost to collect in the United States increased to 40.5% from 40.0%. Over time, we expect our cost to collect to remain competitive, but also expect that it will fluctuate from quarter to quarter based on seasonality, the cost of investments in new operating initiatives, and the ongoing management of the changing regulatory and legislative environment.

The increase in total cost to collect in the United States was due to several factors, including:

- The cost from our collection sites, which includes account manager salaries, variable compensation, and employee benefits, as a percentage of total collections in the United States, remained consistent at 2.9% during the year ended December 31, 2013 and 2012, but as a percentage of our site collections, increased to 7.2% during the year ended December 31, 2013, from 6.2% during the year ended December 31, 2012. The increase in cost as a percentage of site collections, through our collection sites in the United States, was primarily due to the higher cost to collect attributable to AACC.
- The cost of legal collections through our internal legal channel, as a percentage of total collections in the United States, increased to 4.0% during the year ended December 31, 2013, from 1.7% during the year

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ended December 31, 2012 and, as a percentage of channel collections, decreased to 47.3% during the year ended December 31, 2013, from 86.5% during the year ended December 31, 2012. This increase in cost as a percentage of total collections was primarily due to increased collections as a result of our continued expansion of our internal legal channel. The decrease in cost as a percentage of channel collections was primarily due to increased productivity in our internal legal platform, which we expect to continue as the channel matures.

- Collection agency commissions, as a percentage of total collections in the United States, increased to 2.0% during the year ended December 31, 2013, from 1.6% during the same period in the prior year. Our collection agency commission rate decreased to 19.9% during the year ended December 31, 2013, from 26.6% during the same period in the prior year. The increase in commissions as a percentage of total collections was primarily due to increased collections from this channel as a percentage of total collections. The decrease in commission rate as a percentage of the related gross collections was primarily due to lower commission rates on purchased bankruptcy receivable portfolios as a result of our increased purchase of bankruptcy receivable portfolios in recent periods.

The increase in cost per dollar collected in the United States was partially offset by:

- The cost of legal collections through our legal outsourcing channel, as a percentage of total collections in the United States, decreased to 14.7% during the year ended December 31, 2013, from 17.1% during the year ended December 31, 2012 and, as a percentage of channel collections, decreased to 35.9% from 37.8% compared to the same period of 2012. The decrease in the cost of legal collections as a percentage of total collections was primarily related to a decrease in this channel's collections as a percentage of total collections as a result of increased reliance on our internal legal channel and improvements in our ability to more accurately and consistently identify those consumers with the financial means to repay their obligations. These improvements resulted in an increase in our court cost recovery rate and an offsetting decrease in court cost expense.

### **Interest Expense—Portfolio Purchasing and Recovery**

Interest expense increased \$47.7 million to \$73.3 million during the year ended December 31, 2013, from \$25.6 million during the year ended December 31, 2012.

The following table summarizes our interest expense (*in thousands, except percentages*):

	Year Ended December 31,			
	2013	2012	\$ Change	% Change
Stated interest on debt obligations	\$55,703	\$23,015	\$32,688	142.0%
Interest expense on preferred equity certificates	11,381	—	11,381	—
Amortization of loan fees and other loan costs	4,519	2,289	2,230	97.4%
Amortization of debt discount, net of appreciation of debt premium	1,666	260	1,406	540.8%
Total interest expense	<u>\$73,269</u>	<u>\$25,564</u>	<u>\$47,705</u>	186.6%

The payment of the accumulated interest on the preferred equity certificates issued in connection with the Cabot Acquisition will only be satisfied in connection with the disposition of the noncontrolling interests of J.C. Flowers and management.

The increase in interest expense during the year ended December 31, 2013 was primarily attributable to interest expense of \$37.6 million incurred at Cabot. The increase was also a result of increased interest expense related to additional borrowings to finance the Cabot Acquisition and the AACC Merger.

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### Provision for Income Taxes

During the years ended December 31, 2013 and 2012, we recorded income tax provisions of \$45.4 million and \$51.8 million for income from continuing operations, respectively.

The effective tax rates for the respective periods are shown below:

	Year Ended December 31,	
	2013	2012
Federal provision	35.0%	35.0%
State provision	5.8%	6.6%
State benefit	(2.0%)	(2.3%)
Changes in state apportionment <sup>(1)</sup>	(0.2%)	0.0%
Tax reserves <sup>(2)</sup>	0.0%	0.1%
International provision <sup>(3)</sup>	(2.2%)	(0.4%)
Permanent items <sup>(4)</sup>	2.4%	0.5%
Other	(1.2%)	0.2%
Effective rate	<u>37.6%</u>	<u>39.7%</u>

(1) Represents changes in state apportionment methodologies.

(2) Represents reserves taken for certain tax positions adopted by Encore.

(3) Relates primarily to the lower tax rate on the income attributable to international operations.

(4) Represents a provision for nondeductible items.

Our subsidiary in Costa Rica is operating under a 100% tax holiday through December 31, 2018 and a 50% tax holiday for the subsequent four years. The impact of the tax holiday in Costa Rica for the years ended December 31, 2013 and 2012 was immaterial.

As of December 31, 2013, we had a gross unrecognized tax benefit of \$83.0 million primarily related to an uncertain tax position resulting from our AACC Merger due to AACC's tax revenue recognition policy. This uncertain tax position, if recognized, would result in a net tax benefit of approximately \$13.5 million and would have a positive effect on our effective tax rate.

During the years ended December 31, 2013 and 2012, we did not provide for United States income taxes or foreign withholding taxes on the quarterly undistributed earnings from continuing operations of our subsidiaries operating outside of the United States. Undistributed earnings of these subsidiaries during the years ended December 31, 2013 and 2012, were approximately \$5.6 million and \$7.9 million, respectively. Such undistributed earnings are considered permanently reinvested.

### Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

#### Revenues

Our revenues consist primarily of portfolio revenue. Portfolio revenue consists of accretion revenue and zero basis revenue. Accretion revenue represents revenue derived from pools (quarterly groupings of purchased receivable portfolios) with a cost basis that has not been fully amortized. Revenue from pools with a remaining unamortized cost basis is accrued based on each pool's effective interest rate applied to each pool's remaining unamortized cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances. The effective interest rate is the Internal Rate of Return ("IRR") derived from the timing and amounts of actual cash received and anticipated future cash flow projections for each pool. All collections realized after the net book value of a portfolio has been fully recovered, or Zero Basis Portfolios, are recorded as revenue, or Zero Basis Revenue. We account for our investment in receivable portfolios utilizing the interest method in accordance with the authoritative guidance for loans and debt securities acquired with

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deteriorated credit quality. Interest income, net of related interest expense, represents net interest income on property tax payment agreements receivable.

The following tables summarize collections, revenue, end of period receivable balance and other related supplemental data, by year of purchase from our portfolio purchasing and recovery segment (*in thousands, except percentages*):

	Year Ended December 31, 2012					As of December 31, 2012	
	Collections <sup>(1)</sup>	Gross Revenue <sup>(2)</sup>	Revenue Recognition Rate <sup>(3)</sup>	Net Reversal (Portfolio Allowance)	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
ZBA	\$ 26,275	\$ 22,575	85.9%	\$ 3,702	4.2%	\$ —	—
2005	11,859	3,647	30.8%	2,024	0.7%	2,115	5.6%
2006	12,818	7,910	61.7%	(4,247)	1.5%	8,238	5.1%
2007	17,055	8,922	52.3%	129	1.6%	10,449	5.1%
2008	59,037	32,567	55.2%	2,613	6.0%	34,316	6.9%
2009	111,379	70,210	63.0%	—	13.0%	47,230	10.0%
2010	220,647	134,875	61.1%	—	24.9%	104,466	8.8%
2011	301,215	163,165	54.2%	—	30.1%	195,629	5.9%
2012	187,721	97,320	51.8%	—	18.0%	470,676	2.8%
Total	\$ 948,006	\$541,191	57.1%	\$ 4,221	100.0%	\$ 873,119	4.8%

	Year Ended December 31, 2011					As of December 31, 2011	
	Collections <sup>(1)</sup>	Gross Revenue <sup>(2)</sup>	Revenue Recognition Rate <sup>(3)</sup>	Net Reversal (Portfolio Allowance)	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
ZBA	\$ 20,609	\$ 16,171	78.5%	\$ 4,448	3.5%	\$ —	—
2004	1,462	196	13.4%	102	0.0%	—	—
2005	18,276	8,492	46.5%	771	1.9%	8,304	5.7%
2006	18,294	13,958	76.3%	(7,160)	3.0%	17,394	5.1%
2007	38,654	23,578	61.0%	(4,564)	5.1%	18,483	5.1%
2008	87,083	49,985	57.4%	(4,420)	10.9%	58,249	5.4%
2009	164,358	105,080	63.9%	—	22.9%	88,436	8.0%
2010	288,679	169,588	58.7%	—	36.9%	190,948	6.5%
2011	123,596	72,489	58.6%	—	15.8%	334,640	4.2%
Total	\$ 761,011	\$459,537	60.4%	\$ (10,823)	100.0%	\$ 716,454	5.5%

(1) Does not include amounts collected on behalf of others.

(2) Gross revenue excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(3) Revenue recognition rate excludes the effects of net portfolio allowance or net portfolio allowance reversals.

Total revenues were \$556.8 million for the year ended December 31, 2012, an increase of \$108.1million, or 24.1%, compared to total revenues of \$448.7 million for the year ended December 31, 2011. Portfolio revenue was \$545.4 million for the year ended December 31, 2012, an increase of \$96.7 million, or 21.6%, compared to portfolio revenue of \$448.7 million for the year ended December 31, 2011. The increase in portfolio revenue for the year ended December 31, 2012 was primarily the result of additional accretion revenue associated with a higher portfolio balance and a net portfolio allowance reversal during the year ended December 31, 2012. During the year ended December 31, 2012, we recorded a net portfolio allowance reversal of \$4.2 million, compared to a net portfolio allowance provision of \$10.8 million in the prior year.

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Net interest income from our tax lien business segment was \$10.5 million for the period from acquisition (May 8, 2012) through December 31, 2012.

### Operating Expenses

Total operating expenses were \$401.7 million for the year ended December 31, 2012, an increase of \$73.1 million, or 22.3%, compared to total operating expenses of \$328.6 million for the year ended December 31, 2011.

Operating expenses are explained in more detail as follows:

#### Salaries and employee benefits

Total salaries and employee benefits increased \$23.3 million, or 29.9%, to \$101.1 million during the year ended December 31, 2012, from \$77.8 million during the year ended December 31, 2011. The increase was primarily the result of increased headcount to support our growth in our portfolio purchasing and recovery business and the acquisition of Propel. Salaries and employee benefits related to our internal legal channel were approximately \$7.0 million and \$2.6 million for the years ended December 31, 2012 and 2011, respectively.

Stock-based compensation increased \$1.1 million, or 14.1%, to \$8.8 million during the year ended December 31, 2012, from \$7.7 million during the year ended December 31, 2011. This increase was primarily attributable to the higher fair value of equity awards granted in recent periods due to an increase in our stock price and an increase in the number of shares granted.

Salaries and employee benefits broken down between the reportable segments are as follows (*in thousands*):

	Year Ended December 31,	
	2012	2011
Salaries and employee benefits:		
Portfolio purchasing and recovery	\$ 98,173	\$ 77,805
Tax lien business <sup>(1)</sup>	2,911	—
	<u>\$ 101,084</u>	<u>\$ 77,805</u>

<sup>(1)</sup> Tax lien business segment only includes the period from May 8, 2012 (date of acquisition) through December 31, 2012.

#### Cost of legal collections—Portfolio purchasing and recovery

The cost of legal collections increased \$11.6 million, or 7.4%, to \$168.7 million during the year ended December 31, 2012, compared to \$157.1 million during the year ended December 31, 2011. These costs represent contingent fees paid to our nationwide network of attorneys and costs of litigation. The increase in the cost of legal collections was primarily the result of an increase of \$7.3 million in contingent fees paid to our network of attorneys related to an increase of \$70.9 million, or 18.8%, in gross collections through our legal channel, offset by a decrease in the average commission rate we pay our network of attorneys. The increase was also attributable to an increase of \$3.8 million in upfront litigation costs expensed during the period. Gross legal collections amounted to \$448.4 million during the year ended December 31, 2012, up from \$377.5 million during the year ended December 31, 2011. During the year ended December 31, 2012, the cost of legal collections decreased as a percent of gross collections through this channel to 37.6%, from 41.6% during the year ended December 31, 2011, as a result of the decrease in commission rates mentioned above and an increase in our court cost recovery rate due to our improved ability to more accurately and consistently identify those consumers with the financial means to repay their obligations.

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The following table summarizes our legal collection channel performance and related direct costs (*in thousands, except percentages*):

	Year Ended December 31,			
	2012		2011	
<b>Collections:</b>				
Collections—legal outsourcing	\$429,597	95.8%	\$375,158	99.4%
Collections—internal legal	18,780	4.2%	2,297	0.6%
<b>Total collections—legal networks</b>	<b>\$448,377</b>	<b>100.0%</b>	<b>\$377,455</b>	<b>100.0%</b>
<b>Costs:</b>				
Commissions—legal outsourcing	110,256	25.7%	103,013	27.5%
Court cost expense—legal outsourcing <sup>(1)</sup>	49,407		50,303	
Court cost expense—internal legal <sup>(1)</sup>	6,378		1,705	
Other <sup>(2)</sup>	2,662		2,029	
<b>Total direct costs—legal networks<sup>(3)</sup></b>	<b>\$168,703</b>	<b>37.6%</b>	<b>\$157,050</b>	<b>41.6%</b>

<sup>(1)</sup> We advance certain out-of-pocket court costs and capitalize these costs in our consolidated financial statements and provide a reserve and corresponding court cost expense for the costs that we believe will be ultimately uncollectible. This amount includes changes in our anticipated recovery rate of court costs expensed.

<sup>(2)</sup> Other costs consist of costs related to counter claims and legal network subscription fees.

<sup>(3)</sup> Total direct costs—legal networks do not include internal legal channel employee salaries and benefits, and other related direct operating expenses. These expenses were \$9.9 million and \$3.8 million for the year ended December 31, 2012 and 2011, respectively.

### Other operating expenses

Other operating expenses increased \$13.2 million, or 37.1%, to \$48.9 million during the year ended December 31, 2012, from \$35.7 million during the year ended December 31, 2011. The increase was primarily the result of an increase of \$4.1 million in direct mail campaign expenses, other operating expenses incurred by Propel of \$1.4 million, an increase of \$1.4 million in telephone expenses, an increase of \$1.3 million in media related expenses, an increase of \$1.0 million in advertising expenses, and a net increase in various other operating expenses of \$4.0 million, all to support our growth.

Other operating expenses broken down between the reportable segments are as follows (*in thousands*):

	Year Ended December 31,	
	2012	2011
<b>Other operating expenses:</b>		
Portfolio purchasing and recovery	\$ 47,501	\$ 35,708
Tax lien business <sup>(1)</sup>	1,438	—
	<b>\$ 48,939</b>	<b>\$ 35,708</b>

<sup>(1)</sup> Tax lien business segment only includes the period from May 8, 2012 (date of acquisition) through December 31, 2012.

### Collection agency commissions—Portfolio purchasing and recovery

During the year ended December 31, 2012, we incurred \$15.3 million in commissions to third party collection agencies, or 26.6% of the related gross collections of \$57.6 million, compared to \$14.2 million in commissions, or 29.7% of the related gross collections of \$47.7 million during the year ended December 31, 2011. During the quarter ended June 30, 2012, we acquired a large portfolio from a competitor where most of the seller's accounts had been placed with third party collection agencies. We have slowly transitioned these accounts from collection agencies to our internal operating sites. Until the transition is complete, there may be an



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increase in agency collections and related commissions. During the third and fourth quarter of 2012, we experienced an increase in such collections and commissions. During the same period, the commission rate decreased as compared to the prior year as a result of the lower commission rates paid to the agencies where these accounts had been placed.

### **General and administrative expenses**

General and administrative expenses increased \$22.0 million, or 55.4%, to \$61.8 million during the year ended December 31, 2012, from \$39.8 million during the year ended December 31, 2011. The increase was primarily the result of an increase of \$8.9 million in litigation and corporate legal expenses associated with governmental investigations or inquiries and litigation, general and administrative expenses incurred by Propel of \$1.3 million, an increase of \$1.1 million in building rent, an increase of \$1.1 million in consulting fees, an increase of \$0.7 million in system maintenance costs, and a net increase in other general and administrative expenses of \$8.9 million, primarily to support our growth.

General and administrative expenses broken down between the reportable segments are as follows (*in thousands*):

	Year Ended December 31,	
	2012	2011
General and administrative expenses:		
Portfolio purchasing and recovery	\$ 60,466	\$ 39,760
Tax lien business <sup>(1)</sup>	1,332	—
	<u>\$ 61,798</u>	<u>\$ 39,760</u>

<sup>(1)</sup> Tax lien business segment only includes the period from May 8, 2012 (date of acquisition) through December 31, 2012.

### **Depreciation and amortization**

Depreciation and amortization expense increased \$1.7 million, or 43.1%, to \$5.8 million during the year ended December 31, 2012, from \$4.1 million during the year ended December 31, 2011. The increase was primarily due to increased depreciation expenses resulting from our acquisition of fixed assets in the current and prior years.

### **Cost per Dollar Collected—Portfolio purchasing and recovery**

The following table summarizes our cost per dollar collected (*in thousands, except percentages*):

	Year Ended December 31,							
	2012				2011			
	Collections	Cost	Cost Per Channel Dollar Collected	Cost Per Total Dollar Collected	Collections	Cost	Cost Per Channel Dollar Collected	Cost Per Total Dollar Collected
Collection sites <sup>(1)</sup>	\$442,083	\$ 27,606	6.2%	2.9%	\$336,046	\$ 25,112	7.5%	3.3%
Legal outsourcing	429,597	162,325	37.8%	17.1%	375,158	155,345	41.4%	20.4%
Internal legal <sup>(2)</sup>	18,780	16,244	86.5%	1.7%	2,297	5,515	240.1%	0.7%
Collection agencies	57,595	15,332	26.6%	1.6%	47,657	14,162	29.7%	1.9%
Other indirect costs <sup>(3)</sup>	—	157,841	—	16.7%	—	119,737	—	15.7%
Total	<u>\$948,055</u>	<u>\$379,348<sup>(4)</sup></u>		<u>40.0%</u>	<u>\$761,158</u>	<u>\$319,871<sup>(4)</sup></u>		<u>42.0%</u>

<sup>(1)</sup> Cost in collection sites represents only account managers and their supervisors' salaries, variable compensation, and employee benefits.

<sup>(2)</sup> Cost in internal legal channel represents court costs expensed, internal legal channel employee salaries and benefits, and other related direct operating expenses.

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- (3) Other indirect costs represent non-collection site salaries and employee benefits, general and administrative expenses, other operating expenses, and depreciation and amortization.
- (4) Represents all operating expenses, excluding stock-based compensation expense, operating expenses related to non-portfolio purchasing and recovery business, one-time charges, and acquisition and integration related operating expenses. We include this information in order to facilitate a comparison of approximate cash costs to cash collections for the debt purchasing business in the periods presented. Refer to the "Non-GAAP Disclosure" section for further details.

During the year ended December 31, 2012, cost per dollar collected decreased by 200 basis points to 40.0% of gross collections from 42.0% of gross collections during the year ended December 31, 2011. This decrease was primarily due to several factors, including:

- The cost of legal collections through our legal outsourcing channel, as a percentage of total collections, decreased to 17.1% during the year ended December 31, 2012, from 20.4% during the year ended December 31, 2011 and, as a percentage of channel collections, decreased to 37.8% from 41.4% compared to the same period of 2012. The decreases were primarily due to an improvement in our court cost recovery rate and a decrease in the commission rate we pay our contracted attorneys.
- The cost of legal collections through our internal legal channel, as a percentage of total collections, increased to 1.7% during the year ended December 31, 2012, from 0.7% during the year ended December 31, 2011 but, as a percentage of channel collections, decreased to 86.5% during the year ended December 31, 2012, from 240.1% during the year ended December 31, 2011. The increase in cost as a percentage of total collections through our internal legal channel was primarily due to increased collections as a result of our continued expansion of this channel. The decrease in cost as a percentage of channel collections was primarily due to increased productivity in our internal legal platform, which we expect to continue over time.
- The costs from our collection sites, including account managers and their supervisors' salaries, variable compensation, and employee benefits, as a percentage of total collections, decreased to 2.9% during the year ended December 31, 2012, from 3.3% during the year ended December 31, 2011 and, as a percentage of our site collections, decreased to 6.2% during the year ended December 31, 2012, from 7.5% during the year ended December 31, 2011. The decreases were primarily due to the continued growth of our collection workforce in India and improvements in our consumer insights, which allow us to more effectively determine which consumers have the ability to pay and how to best engage with them.
- Collection agency commissions, as a percentage of total collections, decreased to 1.6% during the year ended December 31, 2012, from 1.9% during the year ended December 31, 2011. The decrease in the percentage of commissions to total collections was due to our strategy to place more accounts internally, resulting in a significant decline in collections through this channel. Commissions as a percentage of channel collections declined to 26.6% during the year ended December 31, 2012, as compared to 29.7% during the prior year. As discussed above, the decrease in our commission rate was primarily a result of the lower commission rates we paid to the collection agencies that had collection agreements with the seller of our large portfolio purchase in the second quarter of 2012.

The decrease in cost per dollar collected was partially offset by an increase in other costs not directly attributable to specific channel collections (other indirect costs) of 100 basis points, to 16.7%, for the year ended December 31, 2012, from 15.7% for the year ended December 31, 2011. These costs include non-collection site salaries and employee benefits, general and administrative expenses, other operating expenses, and depreciation and amortization. The dollar increase and the increase in cost per dollar collected were due to several factors, including increases in corporate legal expenses and increases in headcount and general and administrative expenses, to support growth, and to invest in initiatives relating to the evolving regulatory environment.

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### Interest Expense—Portfolio purchasing and recovery

The following table summarizes our interest expense (*in thousands, except percentages*):

	Year Ended December 31,			
	2012	2011	\$ Change	% Change
Stated interest on debt obligations	\$23,015	\$19,283	\$ 3,732	19.4%
Amortization of loan fees and other loan costs	2,289	1,833	456	24.9%
Amortization of debt discount—convertible notes	260	—	260	—
Total interest expense	<u>\$25,564</u>	<u>\$21,116</u>	<u>\$ 4,448</u>	21.1%

Stated interest on debt obligations increased \$3.7 million to \$23.0 million during the year ended December 31, 2012, compared to the prior year. This increase was primarily due to higher outstanding loan balances, which increased as a result of our increased purchase volumes.

### Provision for income taxes

During the year ended December 31, 2012, we recorded an income tax provision of \$51.8 million, reflecting an effective rate of 39.7% of pretax income from continuing operations. The effective tax rate for the year ended December 31, 2012 primarily consisted of a provision for federal income taxes of 32.7% (which is net of a benefit for state taxes of 2.3%), a provision for state taxes of 6.6% and a net provision for the effect of permanent book versus tax differences of 0.4%.

During the year ended December 31, 2011, we recorded an income tax provision of \$38.1 million, reflecting an effective rate of 38.6% of pretax income from continuing operations. The effective tax rate for the year ended December 31, 2011 primarily consisted of a provision for federal income taxes of 32.7% (which is net of a benefit for state taxes of 2.3%), a provision for state taxes of 6.5%, and a net benefit for the effect of permanent book versus tax differences of 0.6%.

**Supplemental Performance Data—Portfolio purchasing and recovery**

**Cumulative Collections to Purchase Price Multiple**

The following table summarizes our purchases and related gross collections by year of purchase (*in thousands, except multiples*):

Year of Purchase	Purchase Price <sup>(1)</sup>	Cumulative Collections through December 31, 2013											Total <sup>(2)</sup>	CCM <sup>(3)</sup>
		<2004	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
<b>Charged-off consumer receivables:</b>														
<i>United States:</i>														
<1999	\$ 41,117	\$133,727	\$ 4,202	\$ 2,042	\$ 1,513	\$ 989	\$ 501	\$ 406	\$ 296	\$ 207	\$ 128	\$ 100	\$ 144,111	3.5
1999	48,712	76,104	8,654	5,157	3,513	1,954	1,149	885	590	487	345	256	99,094	2.0
2000	6,153	21,580	2,293	1,323	1,007	566	324	239	181	115	103	96	27,827	4.5
2001	38,185	108,453	28,551	20,622	14,521	5,644	2,984	2,005	1,411	1,139	991	731	187,052	4.9
2002	61,490	118,549	62,282	45,699	33,694	14,902	7,922	4,778	3,575	2,795	1,983	1,715	297,894	4.8
2003	88,496	59,038	86,958	69,932	55,131	26,653	13,897	8,032	5,871	4,577	3,582	2,882	336,553	3.8
2004	101,316	—	39,400	79,845	54,832	34,625	19,116	11,363	8,062	5,860	4,329	3,442	260,874	2.6
2005	192,585	—	—	66,491	129,809	109,078	67,346	42,387	27,210	18,651	12,669	9,552	483,193	2.5
2006	141,026	—	—	—	42,354	92,265	70,743	44,553	26,201	18,306	12,825	9,468	316,715	2.2
2007	204,065	—	—	—	—	68,048	145,272	111,117	70,572	44,035	29,619	20,812	489,475	2.4
2008	227,775	—	—	—	—	—	69,049	165,164	127,799	87,850	59,507	41,773	551,142	2.4
2009	253,290	—	—	—	—	—	—	96,529	206,773	164,605	111,569	80,443	659,919	2.6
2010	346,060	—	—	—	—	—	—	—	125,465	284,541	215,088	150,558	775,652	2.2
2011	382,690	—	—	—	—	—	—	—	—	122,224	300,536	225,451	648,211	1.7
2012	475,814	—	—	—	—	—	—	—	—	—	186,472	322,962	509,434	1.1
2013	545,376	—	—	—	—	—	—	—	—	—	—	223,862	223,862	0.4
<b>Subtotal</b>	<b>\$3,154,150</b>	<b>\$517,451</b>	<b>\$232,340</b>	<b>\$291,111</b>	<b>\$336,374</b>	<b>\$354,724</b>	<b>\$398,303</b>	<b>\$487,458</b>	<b>\$604,006</b>	<b>\$755,392</b>	<b>\$939,746</b>	<b>\$1,094,103</b>	<b>\$6,011,008</b>	<b>1.9</b>
<i>United Kingdom:</i>														
2013	\$ 620,467	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 134,259	\$ 134,259	0.2
<b>Purchased bankruptcy receivables:</b>														
2010	\$ 11,971	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 388	\$ 4,247	\$ 5,598	\$ 6,248	\$ 16,481	1.4
2011	1,642	—	—	—	—	—	—	—	—	1,372	1,413	1,070	3,855	2.3
2012	83,436	—	—	—	—	—	—	—	—	—	1,249	31,020	32,269	0.4
2013	39,978	—	—	—	—	—	—	—	—	—	—	12,806	12,806	0.3
<b>Subtotal</b>	<b>\$ 137,027</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 388</b>	<b>\$ 5,619</b>	<b>\$ 8,260</b>	<b>\$ 51,144</b>	<b>\$ 65,411</b>	<b>0.5</b>
<b>Total</b>	<b>\$3,911,644</b>	<b>\$517,451</b>	<b>\$232,340</b>	<b>\$291,111</b>	<b>\$336,374</b>	<b>\$354,724</b>	<b>\$398,303</b>	<b>\$487,458</b>	<b>\$604,394</b>	<b>\$761,011</b>	<b>\$948,006</b>	<b>\$1,279,506</b>	<b>\$6,210,678</b>	<b>1.6</b>

(1) Adjusted for put-backs and account recalls. Put-backs represent accounts that are returned to the seller in accordance with the respective purchase agreement ("Put-Backs"). Recalls represent accounts that are recalled by the seller in accordance with the respective purchase agreement ("Recalls").

(2) Cumulative collections from inception through December 31, 2013, excluding collections on behalf of others.

(3) Cumulative Collections Multiple ("CCM") through December 31, 2013 refers to collections as a multiple of purchase price.

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### **Total Estimated Collections to Purchase Price Multiple**

The following table summarizes our purchases, resulting historical gross collections, and estimated remaining gross collections, by year of purchase (in thousands, except multiples):

	<b>Purchase Price<sup>(1)</sup></b>	<b>Historical Collections<sup>(2)</sup></b>	<b>Estimated Remaining Collections<sup>(3), (4), (5)</sup></b>	<b>Total Estimated Gross Collections</b>	<b>Total Estimated Gross Collections to Purchase Price</b>
<b>Charged-off consumer receivables:</b>					
<i>United States:</i>					
<2004	\$ 284,153	\$ 1,092,531	\$ —	\$ 1,092,531	3.8
2004	101,316	260,874	—	260,874	2.6
2005	192,585	483,193	290	483,483	2.5
2006	141,026	316,715	7,376	324,091	2.3
2007	204,065	489,475	17,377	506,852	2.5
2008	227,775	551,142	47,307	598,449	2.6
2009	253,290	659,919	106,912	766,831	3.0
2010	346,060	775,652	207,603	983,255	2.8
2011	382,690	648,211	320,719	968,930	2.5
2012	475,814	509,434	504,586	1,014,020	2.1
2013	545,376	223,862	1,143,576	1,367,438	2.5
Subtotal	<u>\$3,154,150</u>	<u>\$ 6,011,008</u>	<u>\$ 2,355,746</u>	<u>\$ 8,366,754</u>	<u>2.7</u>
<i>United Kingdom:</i>					
2013	\$ 620,467	\$ 134,259	\$ 1,517,379	\$ 1,651,638	2.7
<b>Purchased bankruptcy receivables:</b>					
2010	\$ 11,971	\$ 16,481	\$ 6,358	\$ 22,839	1.9
2011	1,642	3,855	310	4,165	2.5
2012	83,436	32,269	65,908	98,177	1.2
2013	39,978	12,806	44,485	57,291	1.4
Subtotal	<u>\$ 137,027</u>	<u>\$ 65,411</u>	<u>\$ 117,061</u>	<u>\$ 182,472</u>	<u>1.3</u>
Total	<u><u>\$3,911,644</u></u>	<u><u>\$ 6,210,678</u></u>	<u><u>\$ 3,990,186</u></u>	<u><u>\$ 10,200,864</u></u>	<u><u>2.6</u></u>

(1) Adjusted for Put-Backs and Recalls.

(2) Cumulative collections from inception through December 31, 2013, excluding collections on behalf of others.

(3) Estimated remaining collections for charged off consumer receivables includes \$120.5 million related to accounts that converted to bankruptcy after purchase.

(4) The collection forecast of each pool is generally estimated to be between 84 to 96 months based on the expected collection period of each pool in the United States and up to 120 months in the United Kingdom.

(5) Estimated remaining collections, United States, include \$20.3 million for Refinancia portfolios.

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### Estimated Remaining Gross Collections by Year of Purchase

The following table summarizes our estimated remaining gross collections by year of purchase (in thousands):

	Estimated Remaining Gross Collections by Year of Purchase <sup>(1), (2), (3), (4)</sup>										Total	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	>2022		
Charged-off consumer receivables:												
United States:												
2005	\$ 120	\$ 93	\$ 57	\$ 20	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 290
2006	5,156	1,517	703	—	—	—	—	—	—	—	—	7,376
2007	12,347	3,678	1,128	209	11	4	—	—	—	—	—	17,377
2008	23,965	12,435	6,057	3,489	1,361	—	—	—	—	—	—	47,307
2009	43,484	29,648	17,584	9,044	5,202	1,950	—	—	—	—	—	106,912
2010	79,581	55,685	32,976	20,598	10,192	6,127	2,444	—	—	—	—	207,603
2011	122,299	85,875	52,662	30,229	15,642	7,355	4,820	1,837	—	—	—	320,719
2012	182,731	135,548	81,796	48,591	27,948	14,702	7,047	4,799	1,424	—	—	504,586
2013	326,170	288,007	187,208	124,282	82,807	57,316	38,665	23,681	13,155	2,285	—	1,143,576
Subtotal	\$ 795,853	\$ 612,486	\$ 380,171	\$ 236,462	\$ 143,163	\$ 87,454	\$ 52,976	\$ 30,317	\$ 14,579	\$ 2,285	—	\$ 2,355,746
United Kingdom:												
2013	\$ 209,396	\$ 229,966	\$ 199,555	\$ 173,288	\$ 153,831	\$ 139,970	\$ 128,014	\$ 118,587	\$ 110,251	\$ 54,521	—	\$ 1,517,379
Purchased bankruptcy receivables:												
2010	\$ 3,548	\$ 2,192	\$ 618	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,358
2011	221	53	33	3	—	—	—	—	—	—	—	310
2012	24,244	19,748	12,855	6,885	2,176	—	—	—	—	—	—	65,908
2013	17,851	15,115	8,755	2,652	112	—	—	—	—	—	—	44,485
Subtotal	\$ 45,864	\$ 37,108	\$ 22,261	\$ 9,540	\$ 2,288	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 117,061
Total	\$1,051,113	\$879,560	\$601,987	\$419,290	\$299,282	\$227,424	\$180,990	\$148,904	\$124,830	\$56,806	—	\$3,990,186

(1) Estimated remaining collections for Zero Basis Portfolios can extend beyond our collection forecasts.

(2) Estimated remaining collections for charged off consumer receivables includes \$120.5 million related to accounts that converted to bankruptcy after purchase.

(3) The collection forecast of each pool is generally estimated to be between 84 to 96 months based on the expected collection period of each pool in the United States and up to 120 months in the United Kingdom.

(4) Estimated remaining collections, United States, include \$20.3 million for Refinancia portfolios.

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### Unamortized Balances of Portfolios

The following table summarizes the remaining unamortized balances of our purchased receivable portfolios by year of purchase (*in thousands, except percentages*):

	Unamortized Balance as of December 31, 2013	Purchase Price <sup>(1)</sup>	Unamortized Balance as a Percentage of Purchase Price	Unamortized Balance as a Percentage of Total
Charged-off consumer receivables:				
United States:				
2006	\$ 2,466	\$ 141,026	1.7%	0.3%
2007	5,654	204,065	2.8%	0.6%
2008	17,617	227,775	7.7%	2.0%
2009	21,009	253,290	8.3%	2.4%
2010	46,477	346,060	13.4%	5.3%
2011	102,941	382,690	26.9%	11.7%
2012	220,338	475,814	46.3%	25.1%
2013	460,100	545,376	84.4%	52.6%
Subtotal	<u>\$ 876,602</u>	<u>\$2,576,096</u>	<u>34.0%</u>	<u>100.0%</u>
United Kingdom:				
2013	<u>\$ 620,312</u>	<u>\$ 620,467</u>	<u>100.0%</u>	<u>100.0%</u>
Purchased bankruptcy receivables:				
2010	\$ 3,753	\$ 11,971	31.4%	4.0%
2011	84	1,642	5.1%	0.1%
2012	57,461	83,436	68.9%	61.6%
2013	32,037	39,978	80.1%	34.3%
Subtotal	<u>\$ 93,335</u>	<u>\$ 137,027</u>	<u>68.1%</u>	<u>100.0%</u>
Total	<u>\$ 1,590,249</u>	<u>\$3,333,590</u>	<u>47.7%</u>	<u>100.0%</u>

<sup>(1)</sup> Purchase price refers to the cash paid to a seller to acquire a portfolio less Put-Backs, Recalls, and other adjustments.

### Estimated Future Amortization of Portfolios

As of December 31, 2013, we had \$1.6 billion in investment in receivable portfolios. This balance will be amortized based upon current projections of cash collections in excess of revenue applied to the principal balance. The estimated amortization of the investment in receivable portfolios balance is as follows (*in thousands*):

Years Ending December 31,	Charged-off Consumer Receivables United States	Charged-off Consumer Receivables United Kingdom	Purchased Bankruptcy Receivables	Total Amortization
2014	\$ 248,616	\$ 40,741	\$ 32,987	\$ 322,344
2015	240,333	77,145	29,887	347,365
2016	152,888	67,226	19,422	239,536
2017	104,102	58,602	8,802	171,506
2018	68,719	55,048	2,237	126,004
2019	42,645	56,779	—	99,424
2020	19,091	61,259	—	80,350
2021	208	70,125	—	70,333
2022	—	83,176	—	83,176
2023	—	50,211	—	50,211
Total	<u>\$ 876,602</u>	<u>\$ 620,312</u>	<u>\$ 93,335</u>	<u>\$1,590,249</u>

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### **Headcount by Function by Geographical Location**

The following table summarizes our headcount by function by geographical location:

	Headcount as of December 31,					
	2013		2012		2011	
	Domestic	International	Domestic	International	Domestic	International
General & Administrative	1,008	1,288	563	528	468	334
Internal Legal Account Manager	63	61	20	9	—	10
Account Manager	297	2,534	188	1,424	223	995
Bankruptcy Specialist	—	—	—	54	104	87
	<u>1,368</u>	<u>3,883</u>	<u>771</u>	<u>2,015</u>	<u>795</u>	<u>1,426</u>

### **Gross Collections by Account Manager**

The following table summarizes our collection performance by account manager (*in thousands, except headcount*):

	Year Ended December 31,		
	2013	2012	2011
<b>United States<sup>(1)</sup>:</b>			
Gross collections—collection sites	\$ 465,974	\$ 442,083	\$ 336,046
Average active Account Manager	1,631	1,463	1,186
Collections per average active Account Manager <sup>(2)</sup>	\$ 285.7	\$ 302.2	\$ 283.3
<b>United Kingdom:</b>			
Gross collections—collection sites	\$ 74,916	\$ —	\$ —
Average active Account Manager	374	—	—
Collections per average active Account Manager	\$ 200.3	\$ —	\$ —
<b>Overall:</b>			
Collections per average active Account Manager	\$ 269.8	\$ 302.2	\$ 283.3

<sup>(1)</sup> United States represents account manager statistics for United States portfolios and includes collection statistics for our India and Costa Rica call centers.

<sup>(2)</sup> The decrease in collections per average active account manager is primarily driven by short-term ramp up in headcount as part of our long-term strategy in developing lower cost-to-collect international call centers, including our near-shore call center in Costa Rica. As we ramped up headcount in our international call centers, our overall collector productivity, as expected, has declined. Once we are fully ramped up and the new account managers become experienced, we expect productivity to move back towards previous levels. Additionally, the decrease in collections per headcount is attributable to a lower productivity in our AACC subsidiary.



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### **Gross Collections per Hour Paid**

The following table summarizes our gross collections per hour paid to account managers (*in thousands, except gross collections per hour paid*):

	Year Ended December 31,		
	2013	2012	2011
<b>United States<sup>(1)</sup>:</b>			
Gross collections—collection sites	\$ 465,974	\$ 442,083	\$ 336,046
Total hours paid	2,929	2,567	2,243
Collections per hour paid <sup>(2)</sup>	\$ 159.0	\$ 172.2	\$ 149.8
<b>United Kingdom:</b>			
Gross collections—collection sites	\$ 74,916	\$ —	\$ —
Total hours paid	206	—	—
Collections per hour paid	\$ 363.7	\$ —	\$ —
<b>Overall:</b>			
Collections per hour paid	\$ 172.5	\$ 172.2	\$ 149.8

<sup>(1)</sup> United States represents account manager statistics for United States portfolios and includes collection statistics for our India and Costa Rica call centers.

<sup>(2)</sup> The decrease in gross collections per hour paid is primarily driven by short-term ramp up in headcount as part of our long-term strategy in developing lower cost-to-collect international call centers, including our near-shore call center in Costa Rica. As we ramped up headcount in our international call centers, our overall collector productivity, as expected, has declined. Once we are fully ramped up and the new account managers become experienced, we expect productivity to move back towards previous levels. Additionally, the decrease in gross collections per hour paid is attributable to a lower productivity in our AACC subsidiary.

### **Collection Sites Direct Cost per Dollar Collected**

The following table summarizes our gross collections in collection sites and the related direct cost (*in thousands, except percentages*):

	Year Ended December 31,		
	2013	2012	2011
<b>United States<sup>(1)</sup>:</b>			
Gross collections—collection sites	\$465,974	\$442,083	\$336,046
Direct cost <sup>(2)</sup>	\$ 33,671	\$ 27,606	\$ 25,112
Cost per dollar collected <sup>(3)</sup>	7.2%	6.2%	7.5%
<b>United Kingdom:</b>			
Gross collections—collection sites	\$ 74,916	\$ —	\$ —
Direct cost <sup>(2)</sup>	\$ 4,377	\$ —	\$ —
Cost per dollar collected	5.8%	—	—
<b>Overall:</b>			
Cost per dollar collected	7.0%	6.2%	7.5%

<sup>(1)</sup> United States statistics include gross collections and direct costs for our India and Costa Rica call centers.

<sup>(2)</sup> Represent account managers and their supervisors' salaries, variable compensation, and employee benefits.

<sup>(3)</sup> The increase in cost as a percentage of total collections, through our collection sites in the United States, was primarily due to the higher cost to collect attributable to our AACC subsidiary.

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### **Salaries and Employee Benefits by Function**

The following table summarizes our salaries and employee benefits by function (excluding stock-based compensation) (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
Portfolio purchasing and recovery activities			
Collection site salaries and employee benefits <sup>(1)</sup>	\$ 38,048	\$27,606	\$25,112
Non-collection site salaries and employee benefits <sup>(2)</sup>	108,621	61,773	44,984
Subtotal	146,669	89,379	70,096
Tax lien business	5,722	2,911	—
	<u>\$152,391</u>	<u>\$92,290</u>	<u>\$70,096</u>

<sup>(1)</sup> Represent account managers and their supervisors' salaries, variable compensation, and employee benefits.

<sup>(2)</sup> Includes internal legal channel salaries and employee benefits of \$17.2 million and \$7.0 million for the years ended December 31, 2013 and 2012, respectively.

### **Purchases by Quarter**

The following table summarizes the charged-off consumer receivable portfolios we purchased by quarter, and the respective purchase prices (*in thousands*):

Quarter	# of Accounts	Face Value	Purchase Price
Q1 2011	1,243	2,895,805	90,675
Q2 2011	1,477	2,998,564	93,701
Q3 2011	1,633	2,025,024	65,731
Q4 2011	2,776	3,782,595	136,743
Q1 2012	2,132	2,902,409	130,463
Q2 2012	3,679	6,034,499	230,983
Q3 2012	1,037	1,052,191	47,311
Q4 2012	3,125	8,467,400	153,578
Q1 2013	1,678	1,615,214	58,771
Q2 2013 <sup>(1)</sup>	23,887	68,906,743	423,113
Q3 2013 <sup>(2)</sup>	4,232	13,437,807	617,852
Q4 2013	614	1,032,472	105,043

<sup>(1)</sup> Includes \$383.4 million of portfolios acquired with a face value of approximately \$68.2 billion in connection with the AACC Merger.

<sup>(2)</sup> Includes \$559.0 million of portfolios acquired with a face value of approximately \$12.8 billion in connection with the Cabot Acquisition.

### **Liquidity and Capital Resources**

Historically, we have met our cash requirements by utilizing our cash flows from operations, bank borrowings, convertible debt offerings, and equity offerings. Our primary cash requirements have included the purchase of receivable portfolios, the acquisition of US and international entities, operating expenses, and the payment of interest and principal on bank borrowings and tax payments.

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The following table summarizes our cash flows by category for the periods presented (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
Net cash provided by operating activities	\$ 74,775	\$ 98,520	\$ 84,579
Net cash used in investing activities	(217,240)	(343,770)	(88,088)
Net cash provided by financing activities	245,980	254,713	651

On February 25, 2014, we amended our revolving credit facility and term loan facility (the “Credit Facility”) pursuant to a Second Amended and Restated Credit Agreement (the “Restated Credit Agreement”). Under the Restated Credit Agreement, we have a revolving credit facility tranche of \$692.6 million, a term loan facility tranche of \$153.8 million, and an accordion feature that allows us to increase the revolving credit facility by an additional \$250.0 million. Including the accordion feature, the maximum amount that can be borrowed under the Restated Credit Agreement is \$1.1 billion. The Restated Credit Agreement has a five-year maturity, expiring in February 2019, except with respect to two subtranches of the term loan facility of \$60.0 million and \$6.3 million, expiring in February 2017 and November 2017, respectively. As of December 31, 2013, we had \$496.6 million outstanding and \$257.9 million of availability under the Credit Facility.

On June 24, 2013, Encore sold \$150.0 million in aggregate principal amount of 3.0% convertible senior notes due July 1, 2020 in a private placement transaction. On July 18, 2013, the initial purchasers exercised, in full, their option to purchase an additional \$22.5 million of the convertible senior notes, which resulted in an aggregate principal amount of \$172.5 million of the convertible senior notes outstanding (collectively, the “2020 Convertible Notes”). The net proceeds from the sale of the 2020 Convertible Notes were approximately \$167.4 million, after deducting the initial purchasers’ discounts and commissions and the estimated offering expenses paid by us. We used approximately \$18.1 million of the net proceeds from this offering to pay the cost of the capped call transactions entered into in connection with the 2020 Convertible Notes and used the remainder of the net proceeds to pay a portion of the purchase price for the Cabot Acquisition and for general corporate purposes.

Through Cabot Financial (UK) Limited (“Cabot Financial UK”), an indirect subsidiary, we have a revolving credit facility of £85.0 million (the “Cabot Credit Facility”). As of December 31, 2013, there were no amounts outstanding and we had £85.0 million (approximately \$140.1 million) available for borrowing under the Cabot Credit Facility. On February 7, 2014, in connection to the acquisition of Marlin, Cabot Financial UK borrowed £75.0 million (approximately \$122.3 million) under this facility and used the proceeds to pay for a portion of the purchase price.

On August 2, 2013, Cabot Financial UK issued £100.0 million (approximately \$151.7 million) in aggregate principal amount of 8.375% Senior Secured Notes due 2020 (the “Cabot 2020 Notes”). Of the proceeds from the issuance of the Cabot 2020 Notes, approximately £75.0 million (approximately \$113.8 million) was used to repay all amounts then outstanding under the senior credit facilities of Cabot Financial UK and £25.0 million (approximately \$39.7 million) was used to partially repay a portion of the J Bridge preferred equity certificates to J.C. Flowers in connection with the Cabot Acquisition.

On February 7, 2014, in connection to the acquisition of Marlin, Cabot Financial UK obtained financing through new senior secured bridge facilities (the “Senior Secured Bridge Facilities”) provided by certain financial institutions. The Senior Secured Bridge Facilities Agreement provides for an aggregative borrowing capacity of £256.5 million (approximately \$418.4 million) to provide funding for the financing, in full or in part, of the purchase price for the acquisition of Marlin and the payment of costs. The Senior Secured Bridge Facilities also provide for uncommitted incremental facilities in an amount of up to £80.0 million (approximately \$130.5 million) for the purposes of financing future debt portfolio acquisitions. The Senior Secured Bridge Facilities have an initial term of one year and an extended term of 6.5 years if they are not repaid during the first year of issuance. The Senior Secured Bridge Facilities are subject to mandatory prepayment with equity proceeds

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or the proceeds of other debt financings (subject to certain exceptions), at par prior to their initial maturity date. See Note 18 “Subsequent Events” to our consolidated financial statements for further details of our Senior Secured Bridge Facilities.”

Propel has a \$160.0 million syndicated loan facility (the “Propel Facility”). On December 27, 2013, we exercised the \$40.0 million accordion feature under the Propel Facility and increased the borrowing capacity from \$160.0 million to \$200.0 million. The Propel Facility is used to fund tax lien purchases in Texas. As of December, 2013, there was \$152.3 million outstanding and \$47.7 million of availability under our Propel Facility.

Subsidiaries of Propel have a \$100.0 million revolving credit facility (the “Propel Wells Fargo Facility”). The Propel Wells Fargo Facility is used to purchase tax liens in various other states directly from taxing authorities. As of December 31, 2013, there was \$18.3 million outstanding and \$81.7 million of availability under our Propel Wells Fargo Facility.

Currently, all of our portfolio purchases are funded with cash from operations and borrowings under our Restated Credit Agreement and our Cabot Credit Facility. All of our Texas tax liens are funded with cash from Propel operations and borrowings under the Propel Facility. All of our tax liens purchased directly from state taxing authorities are funded with cash from operations and borrowings under the Propel Wells Fargo Facility.

See Note 10 “Debt” to our consolidated financial statements for a further discussion of our debt.

### **Operating Cash Flows**

Net cash provided by operating activities was \$74.8 million, \$98.5 million, and \$84.6 million for the years ended December 31, 2013, 2012, and 2011, respectively.

Cash provided by operating activities during the year ended December 31, 2013 was primarily related to net income of \$73.7 million and various non-cash add backs in operating activities and changes in operating assets and liabilities, net of an income tax payment of \$66.8 million. Cash provided by operating activities for the year ended December 31, 2012, is primarily related to net income of \$69.5 million and \$10.4 million in a non-cash add back related to impairment charges for goodwill and identifiable intangible assets related to Ascension Capital Group, Inc., our bankruptcy servicing subsidiary we divested in May 2012. Cash provided by operating activities for the year ended December 31, 2011, is primarily related to net income of \$61.0 million and \$10.8 million in a non-cash add back related to the net portfolio allowance provision of our receivable portfolios.

### **Investing Cash Flows**

Net cash used in investing activities was \$217.2 million, \$343.8 million, and \$88.1 million for the years ended December 31, 2013, 2012, and 2011, respectively.

Cash flows used in investing activities during the year ended December 31, 2013 were primarily related to cash paid for acquisitions, net of cash acquired, of \$449.0 million, receivable portfolio purchases (excluding the portfolios acquired from the AACCC Merger of \$383.4 million and from the Cabot Acquisition of \$559.0 million) of \$249.6 million, and originations or acquisitions of receivables secured by tax liens of \$117.0 million (excluding the receivables acquired from a business combination of \$28.5 million), offset by gross collection proceeds applied to the principal of our receivable portfolios in the amount of \$546.4 million and collections applied to our receivables secured by tax liens of \$70.6 million. The cash flows used in investing activities for the year ended December 31, 2012, are primarily related to receivable portfolio purchases of \$559.3 million, cash paid for the Propel Acquisition, net of cash acquired, of \$186.7 million, offset by gross collection proceeds applied to the principal of our receivable portfolios in the amount of \$406.8 million. The cash flows used in investing activities for the year ended December 31, 2011, are primarily related to receivable portfolio purchases of \$384.0 million, offset by gross collection proceeds applied to the principal of our receivable portfolios in the

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amount of \$301.5 million. Capital expenditures for fixed assets acquired with internal cash flow were \$13.4 million, \$6.3 million, and \$5.6 million for the years ended December 31, 2013, 2012, and 2011, respectively.

### **Financing Cash Flows**

Net cash provided by financing activities was \$246.0 million, \$254.7 million, and \$0.7 million for the years ended December 31, 2013, 2012, and 2011, respectively.

The cash provided by financing activities during the year ended December 31, 2013, reflects \$659.9 million in borrowings under our Credit Facility, the Propel Facility and Propel Wells Fargo Facility, the \$151.7 million issuance of senior secured notes at our Cabot subsidiary, and the \$172.5 million issuance of our 2020 Convertible Senior Notes, offset by \$630.2 million repayments of amounts outstanding under our Credit Facility, the Propel Facility and Propel Wells Fargo Facility. The cash provided by financing activities during the year ended December 31, 2012, reflects \$508.4 million in borrowings under our revolving credit facility and term loan facility and \$115.0 million in proceeds from the issuance of the Convertible Notes, offset by \$289.7 million in repayments of amounts outstanding under our revolving credit facility and term loan facility, and \$49.3 million in repurchase of our common stock concurrent with our issuance of the Convertible Notes. The cash provided by financing activities during the year ended December 31, 2011, reflects \$121.0 million in borrowings under our revolving credit facility and \$25.0 million in proceeds from the issuance of our senior secured notes issued to certain affiliates of Prudential Capital Group (the "Senior Secured Notes"), offset by \$143.0 million in repayments of amounts outstanding under our revolving credit facility.

Our future cash needs will depend on our acquisitions of portfolios and businesses. We used cash and borrowings under our Restated Credit Agreement and our 2020 Convertible Notes to fund the Cabot Acquisition on July 1, 2013.

### **Future Contractual Cash Obligations**

The following table summarizes our future contractual cash obligations as of December 31, 2013 (*in thousands*):

<u>Contractual Obligations</u>	<u>Payment Due By Period</u>				
	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1 – 3 Years</u>	<u>3 – 5 Years</u>	<u>More Than 5 Years</u>
Principal payments on debt	\$ 1,637,050	\$ 35,529	\$ 249,201	\$ 575,683	\$ 776,637
Estimated interest payments <sup>(1)</sup>	539,284	95,526	195,923	166,914	80,921
Capital leases	13,036	5,903	6,504	629	—
Operating leases	85,546	17,582	28,448	18,976	20,540
Purchase commitments on receivable portfolios	93,524	93,524	—	—	—
Total contractual cash obligations <sup>(2), (3), (4)</sup>	<u>\$ 2,368,440</u>	<u>\$ 248,064</u>	<u>\$ 480,076</u>	<u>\$ 762,202</u>	<u>\$ 878,098</u>

<sup>(1)</sup> We calculated estimated interest payments for long-term debt as follows: (a) for the fixed interest bearing debt, such as our senior secured notes and convertible senior notes, we calculated interest based on the applicable rates and payment dates; and (b) for the debt facilities that are subject to variable interest rates, we estimated the debt balance and interest rates based on our determination of the most likely scenario. We expect to settle such interest payments with cash flows from operating activities.

<sup>(2)</sup> In connection with the Cabot Acquisition, as of December 31, 2013, we carried a liability of approximately \$199.8 million related to preferred equity certificates ("PECs") including accrued interests. The PECs have a maturity date of May 2043, accrue interests at 12% per annum, and are held by Cabot's noncontrolling interest holders. The obligations related to PECs and their accrued interests are excluded from the table above as we do not believe that they will be paid in cash. See Note 10 "Debt," to our consolidated financial statements for additional information on our PECs.

<sup>(3)</sup> We had approximately \$83.0 million of liabilities and accrued interests related to uncertain tax positions at December 31, 2013. We are unable to reasonably estimate the timing of the cash settlement with the tax authorities due to the uncertainties related to these tax matters

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(4) and, as a result, these obligations are not included in the table. See Note 13 “Income Taxes,” to our consolidated financial statements for additional information on our uncertain tax positions. On February 7, 2014, in connection with the acquisition of Marlin, Cabot Financial UK obtained financing through new Senior Secured Bridge Facilities. As this transaction occurred after December 31, 2013, the principal and estimated interest payments of the new facilities are not included in the table. See Note 18, “Subsequent Events,” to our consolidated financial statements for details of the Cabot Senior Secured Bridge Facilities.

We are in compliance with all covenants under our financing arrangements. We believe that we have sufficient liquidity to fund our operations for at least the next twelve months, given our expectation of continued positive cash flows from operations, our cash and cash equivalents of \$126.2 million as of December 31, 2013, our access to capital markets, and availability under our credit facilities.

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

We do not have any off-balance sheet arrangements as defined by Item 303(a)(4) of Regulation S-K.

### **Critical Accounting Policies and Estimates**

We prepare our financial statements, in conformity with U.S. generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Note 1, “Ownership, Description of Business and Summary of Significant Accounting Policies” of the notes to consolidated financial statements describes the significant accounting policies and methods used in the preparation of our consolidated financial statements.

We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from these estimates and such differences may be material. We refer to accounting estimates of this type as critical accounting policies and estimates, which we discuss further below. We have reviewed our critical accounting policies and estimates with the audit committee of our board of directors.

*Investment in Receivable Portfolios and Related Revenue.* As permitted by the authoritative guidance for loans and debt securities acquired with deteriorated credit quality, static pools are established on a quarterly basis with accounts purchased during the quarter that have common risk characteristics. Discrete receivable portfolio purchases during a quarter are aggregated into pools based on these common risk characteristics. Once a static pool is established, the portfolios are permanently assigned to the pool. The discount (*i.e.*, the difference between the cost of each static pool and the related aggregate contractual receivable balance) is not recorded because we expect to collect a relatively small percentage of each static pool’s contractual receivable balance. As a result, receivable portfolios are recorded at cost at the time of acquisition. The purchase cost of the portfolios includes certain fees paid to third parties incurred in connection with the direct acquisition of the receivable portfolios.

In compliance with the authoritative guidance, we account for our investments in consumer receivable portfolios using either the interest method or the cost recovery method. The interest method applies an internal rate of return (“IRR”), to the cost basis of the pool, which remains unchanged throughout the life of the pool, unless there is an increase in subsequent expected cash flows. Subsequent increases in expected cash flows are generally recognized prospectively through an upward adjustment of the pool’s IRR over its remaining life. Subsequent decreases in expected cash flows do not change the IRR, but are recognized as an allowance to the cost basis of the pool, and are reflected in the consolidated statements of income as a reduction in revenue, with a corresponding valuation allowance, offsetting the investment in receivable portfolios in the consolidated statements of financial condition.

We account for each static pool as a unit for the economic life of the pool (similar to one loan) for recognition of revenue from receivable portfolios, for collections applied to the cost basis of receivable portfolios

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and for provision for loss or allowance. Revenue from receivable portfolios is accrued based on each pool's IRR applied to each pool's adjusted cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances.

If the amount and timing of future cash collections on a pool of receivables are not reasonably estimable, we account for such portfolios on the cost recovery method as cost recovery portfolios. The accounts in these portfolios have different risk characteristics than those included in other portfolios acquired during the same quarter, or the necessary information was not available to estimate future cash flows and, accordingly, they were not aggregated with other portfolios. Under the cost recovery method of accounting, no revenue is recognized until the purchase price of a cost recovery portfolio has been fully recovered.

*Deferred Court Costs.* We contract with a nationwide network of attorneys that specialize in collection matters. We generally refer charged-off accounts to our contracted attorneys when we believe the related consumer has sufficient assets to repay the indebtedness and has, to date, been unwilling to pay. In connection with our agreements with our contracted attorneys, we advance certain out-of-pocket court costs, or Deferred Court Costs. Additionally, we pay out of pocket court costs through our Internal Legal Channel. We capitalize these costs in the consolidated financial statements and provide a reserve for those costs that we believe will ultimately be uncollectible. We determine the reserve based on our analysis of court costs that have been advanced and recovered, or that we anticipate recovering. Historically, we wrote off Deferred Court Costs not recovered within three years of placement. However, recovery trends in recent years indicate that court costs are recovered over a longer period of time. As a result, in January 2013, on a prospective basis, we began increasing our deferral period from three years to five years. Collections received from these debtors are first applied against related court costs with the balance applied to the debtors' account.

*Receivables Secured by Property Tax Liens, Net.* Receivables secured by property tax liens are reported at their outstanding principal balances, adjusted for, if any, charge-offs, allowance for losses, deferred fees or costs, and unamortized premiums or discounts. Interest income is reported on the interest method and includes amortization of net deferred fees and costs over the term of the agreements. We accrue interest on all receivable portfolios as the receivables are collateralized by tax liens that are in a priority position over most other liens on the properties. If there is doubt about the ultimate collection of the accrued interest on a specific receivable, it would be placed on non-accrual and, at that time, any accrued interest would be reversed.

The allowance for losses on receivables secured by property tax liens is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the receivables in light of historical experience, adverse situations that may affect the borrower's ability to repay, the estimated value of the underlying collateral, and prevailing economic conditions.

*Goodwill and Other Intangible Assets.* Business combinations typically result in the recording of goodwill and other intangible assets. The excess of the purchase price over the fair value assigned to the tangible and identifiable intangible assets, liabilities assumed, and noncontrolling interests in the acquiree is recorded as goodwill.

When determining the fair values of tangible and identifiable intangible assets acquired, liabilities assumed, and noncontrolling interests in the acquiree, management makes significant estimates and assumptions, especially with respect to intangible assets. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available.

Goodwill and other intangible assets are tested at the reporting unit level annually for impairment and in interim periods if certain events occur indicating that the carrying amounts may be impaired.

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We first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. The qualitative factors include economic environment, business climate, market capitalization, operating performance, competition, and other factors.

If quantitative analyses are required, we apply various valuation techniques to measure the fair value of each reporting unit. Significant judgments are required to estimate the fair value of reporting units including estimating future cash flows, and determining appropriate discount rates, growth rates, and other assumptions. We will perform additional impairment testing if events occur or circumstances change indicating that the carrying amounts may be impaired.

*Redeemable Noncontrolling Interests.* Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value, while others have the right to force a sale of the subsidiary if we choose not to purchase their interests at fair value. The noncontrolling interests subject to these arrangements are included in temporary equity as redeemable noncontrolling interests, and are adjusted to their estimated redemption amounts each reporting period with a corresponding adjustment to additional paid-in capital. Future reductions in the carrying amounts are subject to a “floor” amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments will not affect the calculation of earnings per share.

*Stock-Based Compensation.* We record compensation costs related to our stock-based awards which include stock options, restricted stock awards, and restricted stock units. We measure stock-based compensation cost at the grant date based on the fair value of the award. Compensation cost for service-based awards is recognized ratably over the applicable vesting period. Compensation cost for performance-based awards is reassessed each period and recognized based upon the probability that the performance targets will be achieved. The amount of stock-based compensation expense recognized during a period is based on the portion of the awards that are ultimately expected to vest. The total expense recognized over the vesting period will only be for those awards that ultimately vest.

*Income Taxes.* We use the liability method of accounting for income taxes. When we prepare the consolidated financial statements, we estimate our income taxes based on the various jurisdictions where we conduct business. This requires us to estimate our current tax exposure and to assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. Deferred income taxes are recognized based on the differences between the financial statement and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. We then assess the likelihood that our deferred tax assets will be realized. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. When we establish a valuation allowance or increase this allowance in an accounting period, we record a corresponding tax expense in our statement of income. When we reduce our valuation allowance in an accounting period, we record a corresponding tax benefit in our statement of income. We include interest and penalties related to income taxes within our provision for income taxes. See Note 13 “Income Taxes” to our consolidated financial statements for further discussion of income taxes.

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

We are exposed to economic risks from foreign currency exchange rates and interest rates. A portion of these risks is hedged, but the risks may affect our financial statements.

#### ***Foreign Currency Exchange Rates***

We have operations in India, which expose us to foreign currency exchange rate fluctuations due to transactions denominated in Indian rupees, such as employee salaries and rent expenditures. We continuously



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evaluate and manage our foreign currency risk through the use of derivative financial instruments, including foreign currency forward contracts with financial counterparties where practicable. Such derivative instruments are viewed as risk management tools and are not used for speculative or trading purposes. As of December 31, 2013, we had 43 outstanding foreign currency forward contracts that hedge our risk of foreign currency exchange against the Indian rupee. Each contract settles monthly with a notional amount ranging from a United States dollar equivalent of \$0.8 million to \$1.6 million. The contracts hedge the forecasted monthly cash settlements resulting from the expenses incurred by our operations in India. We have not experienced any hedge ineffectiveness since the inception of the hedging program; a hypothetical change in the foreign exchange rate against the Indian rupee would not have a material impact on our consolidated statement of income.

In addition, we are exposed to foreign currency risk that arises from the revaluation of monetary assets and liabilities held by our subsidiary in India that are not denominated in our functional currency. We may hedge currency exposures associated with certain assets and liabilities denominated in nonfunctional currencies and certain anticipated nonfunctional currency transactions. We could experience unanticipated gains or losses on anticipated foreign currency cash flows.

The financial statements of our foreign subsidiaries, Cabot and Refinancia, are translated into U.S. dollars from their functional currencies. Fluctuations in foreign currencies affect the amount of total assets and liabilities that we report for these foreign subsidiaries upon the translation of these amounts into U.S. dollars. We currently do not hedge the net assets of these foreign subsidiaries from foreign currency exposure.

### **Interest Rates**

We have variable-interest-bearing borrowings under our credit facilities that subject us to interest rate risk. We have, from time to time, utilized derivative financial instruments, including interest rate swap contracts and interest rate caps with financial counterparties to manage our interest rate risk. We had utilized interest rate swap contracts to hedge our interest rate risk during the years ended December 31, 2013, 2012 and 2011. As of December 31, 2013, we did not have any interest rate swap contracts outstanding. Our Cabot subsidiary holds interest rate cap contracts with an aggregated notional amount of approximately \$206.6 million.

Our variable-interest-bearing debt is subject to the risk of interest rate fluctuations. Significant increases in future interest rates on our variable rate debt could lead to a material decrease in future earnings assuming all other factors remained constant. If the market interest rates for our variable rate agreements increase 10%, interest expense on such outstanding debt would increase by approximately \$2.0 million, on an annualized basis. Conversely, if the market interest rates decreased an average of 10%, our interest expense on such outstanding debt would decrease by \$2.0 million on an annualized basis.

Our analysis and methods used to assess and mitigate the risks discussed above should not be considered projections of future risks.

### **Item 8—Financial Statements and Supplementary Data**

Our consolidated financial statements, the notes thereto and the Report of BDO USA, LLP, our Independent Registered Public Accounting Firm, are included in this Annual Report on Form 10-K on pages F-1 through F-50.

### **Item 9—Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

## Item 9A—Controls and Procedures

### ***Evaluation of Disclosure Controls and Procedures***

As of the end of the period covered by this report, 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 defined in Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures are effective in enabling us to record, process, summarize and report information required to be included in our periodic SEC filings within the required time period.

### ***Management's Report on Internal Control over Financial Reporting***

The Company's management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for Encore Capital Group, Inc. and its subsidiaries (the "Company"). The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time. The Company's processes contain self-monitoring mechanisms and actions are taken to correct deficiencies as they are identified.

Management has assessed the effectiveness of Encore's internal control over financial reporting as of December 31, 2013, based on the criteria for effective internal control described in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2013. Management did not assess the effectiveness of internal controls over financial report of Cabot because of the timing of the acquisition, which was completed on July 1, 2013. Cabot constituted approximately 28.5% of total assets as of December 31, 2013 and 13.5% and 8.0% of revenues and net income, respectively, for the year then ended.

BDO USA, LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, was engaged to attest to and report on the effectiveness of Encore's internal control over financial reporting as of December 31, 2013, as stated in its report below.

**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders  
Encore Capital Group, Inc.  
San Diego, California

We have audited Encore Capital Group, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Encore Capital Group, Inc.'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 Item 9A, 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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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 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 its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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 the policies or procedures may deteriorate.

As indicated in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Cabot Credit Management Limited ("Cabot"), which was acquired on July 1, 2013, and which is included in the consolidated statement of financial condition of Encore Capital Group, Inc. as of December 31, 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the period from July 1, 2013 to December 31, 2013. Cabot constituted 28.5% and 18.9% of total assets and net assets, respectively, as of December 31, 2013, and 13.5% and 8.0% of revenues and net income, respectively, for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of Cabot because of the timing of the acquisition which was completed on July 1, 2013. Our audit of internal control over financial reporting of Encore Capital Group, Inc. also did not include an evaluation of the internal control over financial reporting of Cabot.

In our opinion, Encore Capital Group, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial condition of Encore Capital Group, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013 and our report dated February 25, 2014 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

San Diego, California  
February 25, 2014

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### ***Changes in Internal Control over Financial Reporting***

Except as disclosed in the following paragraph, there was no change in our internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

As set forth above, we completed the Cabot Acquisition during the third quarter of 2013. Cabot will continue to be operated independently and we will not be integrating Cabot's systems with our systems, including our financial reporting systems. We will monitor and test Cabot's systems as part of management's annual evaluation of internal control over financial reporting beginning in 2014.

### **Item 9B—Other Information**

On February 25, 2014, Encore entered into a Second Amended and Restated Credit Agreement with several banks and other financial institutions and lenders from time to time party thereto and listed on the signature pages thereof, and SunTrust Bank, as administrative agent and collateral agent. Refer to Note 10, "Debt," of the notes to our consolidated financial statements for additional information related to the Second Amended and Restated Credit Agreement.

On February 25, 2014, Encore entered into Amendment No. 2 (the "Note Agreement Amendment") to Second Amended and Restated Senior Secured Note Purchase Agreement dated as of May 9, 2013 (the "Note Purchase Agreement") by and between Encore, on the one hand, and The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporations, on the other hand, for purposes of aligning the covenants in the Note Purchase Agreement with the modified covenants in the Second Amended and Restated Credit Agreement.

## **PART III**

### **Item 10—Directors, Executive Officers and Corporate Governance**

The information under the captions "Election of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance," appearing in the 2014 Proxy Statement to be filed no later than April 30, 2014, is hereby incorporated by reference.

### **Item 11—Executive Compensation**

The information under the caption "Executive Compensation and Other Information," appearing in the 2014 Proxy Statement to be filed no later than April 30, 2014, is hereby incorporated by reference.

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

The information under the captions "Security Ownership of Principal Stockholders and Management" and "Equity Compensation Plan Information," appearing in the 2014 Proxy Statement to be filed no later than April 30, 2014, is hereby incorporated by reference.

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

The information under the captions “Certain Relationships and Related Transactions” and “Election of Directors—Corporate Governance—Director Independence,” appearing in the 2014 Proxy Statement to be filed no later than April 30, 2014, is hereby incorporated by reference.

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

The information under the caption “Independent Registered Public Accounting Firm,” appearing in the 2014 Proxy Statement to be filed no later than April 30, 2014, is hereby incorporated by reference.

**PART IV****Item 15—Exhibits and Financial Statement Schedules****(a) Financial Statements.**

The following consolidated financial statements of Encore Capital Group, Inc. are filed as part of this annual report on Form 10-K:

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Report of Independent Registered Public Accounting Firm	F-1
Consolidated Statements of Financial Condition at December 31, 2013 and 2012	F-2
Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011	F-3
Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011	F-4
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2013, 2012 and 2011	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011	F-6
Notes to Consolidated Financial Statements	F-7

**(b) Exhibits.**

<u>Number</u>	<u>Description</u>
2.1	Securities Purchase Agreement, dated May 8, 2012, by and among Propel Acquisition LLC and McCombs Family Partners, Ltd., JHBC Holdings, LLC and Texas Tax Loans, LLC (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2012)
2.2	Agreement and Plan of Merger dated March 6, 2013, by and among Encore Capital Group, Inc., Pinnacle Sub, Inc. and Asset Acceptance Capital Corp. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 6, 2013)
3.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to the Company's Registration Statement on Form S-1/A filed on June 14, 1999, File No. 333-77483)
3.2	Certificate of Amendment to the Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 4, 2002)
3.3	Bylaws, as amended through February 8, 2011 (incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K filed on February 14, 2011)
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-3 filed on December 21, 2009, File No. 333-163876)
4.2*	Amended and Restated Senior Secured Note Purchase Agreement, dated February 10, 2011, by and among the Company, The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporation (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed on April 27, 2011)
4.3	Form of 7.75% Senior Secured Note due 2017 (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q filed on April 27, 2011)
4.4	Form of 7.375% Senior Secured Note due 2018 (incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q filed on April 27, 2011)

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<u>Number</u>	<u>Description</u>
4.5	Amendment No. 1, dated May 8, 2012, to Amended and Restated Senior Secured Note Purchase Agreement, dated February 10, 2011, by and among the Company, The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporation, and SunTrust Bank as collateral agent and administrative agent (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2012)
4.6	Indenture, dated November 27, 2012, between Encore Capital Group, Inc. and Union Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on 8-K filed on December 3, 2012)
4.7	Indenture (including the form of the Note), dated as of June 24, 2013, by and among Encore Capital Group, Inc., Midland Credit Management, Inc., as guarantor, and Union Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 24, 2013)
4.8	Indenture (including the form of the Note), dated August 2, 2013, by and among Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and all material subsidiaries of Cabot Financial Limited, as guarantors, J.P. Morgan Europe Limited, as security agent, and Citibank, N.A., London Branch as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 6, 2013)
4.9	Indenture (including the form of the Note), dated September 20, 2012, by and among Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and all material subsidiaries of Cabot Financial Limited, as guarantors, J.P. Morgan Europe Limited, as security agent, and Citibank, N.A., London Branch as trustee (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013)
4.10	First Supplemental Indenture, dated June 13, 2013, between Cabot Financial (Luxembourg) S.A. and Citibank, N.A., London Branch as trustee (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013)
4.11	Indenture (including the form of the Note), dated July 25, 2013, by and among Marlin Intermediate Holdings plc, Marlin Financial Group Limited, Marlin Financial Intermediate Limited, certain subsidiaries of Marlin Financial Intermediate Limited, The Bank of New York Mellon, London Branch as trustee, paying agent, transfer agent and registrar, and Royal Bank of Scotland plc, as security agent (filed herewith)
4.12	First Supplemental Indenture, dated February 19, 2014, by and among Marlin Intermediate Holdings plc, Marlin Financial Intermediate II Limited, Cabot Financial Limited the guarantors party thereto and the Bank of New York Mellon, as trustee (filed herewith)
10.1+	1999 Equity Participation Plan, as amended (incorporated by reference to Appendix I to the Company's proxy statement filed on April 1, 2004)
10.2	Multi-Tenant Office Lease, dated April 8, 2004, between LBA Realty Fund-Holding Co. I, LLC and Midland Credit Management, Inc. (the "Midland Lease") (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 4, 2004)
10.3	Lease Guaranty, dated April 8, 2004, by the Company in favor of LBA Realty Fund-Holding Co. I, LLC in connection with the Midland Lease (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 4, 2004)
10.4	Asset Purchase and Forward Flow Agreement, dated June 2, 2005, among Jefferson Capital Systems, LLC, Midland Funding LLC and Encore Capital Group, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 8, 2005)



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<u>Number</u>	<u>Description</u>
10.5	Acknowledgement Agreement, dated June 7, 2005, between CompuCredit Corporation and Midland Funding LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 8, 2005)
10.6+	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 4, 2006)
10.7+	Form of Option Amendment (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 4, 2006)
10.8+	Form of Split-Dollar Agreement (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 4, 2006)
10.9+	Executive Non-Qualified Excess Plan (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on February 11, 2009)
10.10+	Severance protection letter agreement, dated March 11, 2009, between the Company and J. Brandon Black (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 13, 2009)
10.11+	Severance protection letter agreement, dated March 11, 2009, between the Company and Paul Grinberg (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 13, 2009)
10.12	Lease Deed, dated April 22, 2009, between Midland Credit Management India Private Limited and R.S. Technologies Private Limited, for real property located in Gurgaon, India (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on April 29, 2009)
10.13+	Encore Capital Group, Inc. 2005 Stock Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 15, 2009)
10.14+	Amended Form of Stock Option Agreement for awards under the 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on July 30, 2009)
10.15+	Amended Form of Restricted Stock Unit Grant Notice and Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on July 30, 2009)
10.16+	Form of Restricted Stock Agreement by and between George Lund and Encore Capital Group, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 17, 2010)
10.17	Lease Deed, dated October 26, 2010, between Midland Credit Management India Private Limited and R.S. Technologies Private Limited, for real property located in Gurgaon, India (incorporated by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K filed on February 14, 2011)
10.18	Lease Deed, dated March 4, 2011, between Midland Credit Management, Inc. and Teachers Insurance and Annuity Association of America for the Benefit of its Separate Real Estate Account for real property located in San Diego, California (the "San Diego Lease") (incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K filed on February 9, 2012)
10.19	Lease Guaranty, dated March 4, 2011, by Encore Capital Group, Inc., in favor of Teachers Insurance and Annuity Association of America for the Benefit of its Separate Real Estate Account in connection with the San Diego Lease (incorporated by reference to Exhibit 10.50 to the Company's Annual Report on Form 10-K filed on February 9, 2012)

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<u>Number</u>	<u>Description</u>
10.20	Credit Facility Loan Agreement, dated May 8, 2012, by and among Texas Capital Bank, National Association, as administrative agent, certain banks and Propel Financial Services, LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2012)
10.21	Guaranty Agreement, dated May 8, 2012, with respect to the Credit Facility Loan Agreement, dated May 8, 2012 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2012)
10.22+	Form of Restricted Stock Award Grant Notice and Agreement (Non-Executive) (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2012)
10.23+	Form of Restricted Stock Award Grant Notice and Agreement (Executive) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2012)
10.24+	Form of Non-Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2012)
10.25	Amended and Restated Credit Agreement, dated November 5, 2012, by and among the Company, the several banks and other financial institutions and lenders from time to time party thereto and listed on the signature pages thereof, and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on 8-K filed on November 7, 2012)
10.26	Second Amended and Restated Pledge and Security Agreement, dated November 5, 2012, by and among the Company, certain of its subsidiaries and SunTrust Bank, as collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on 8-K filed on November 7, 2012)
10.27	Amended and Restated Guaranty, dated November 5, 2012, by and among certain subsidiaries of the Company and SunTrust Bank, as administrative agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on 8-K filed on November 7, 2012)
10.28	Amended and Restated Intercreditor Agreement, dated November 5, 2012, by and among the Company, certain of its subsidiaries, SunTrust Bank, as administrative agent for the lenders, and the holders of the Company's 7.75% Senior Secured Notes due 2017 and 7.375% Senior Secured Notes due 2018 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on 8-K filed on November 7, 2012)
10.29	Amendment No. 2 to Note Purchase Agreement, dated November 5, 2012, by and among the Company, the holders of the Company's 7.75% Senior Secured Notes due 2017 and 7.375% Senior Secured Notes due 2018, and SunTrust Bank, as collateral agent and administrative agent (incorporated by reference to Exhibit 10.5 to the Company's Current Report on 8-K filed on November 7, 2012)
10.30	Letter Agreement, dated November 20, 2012, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Base Call Option Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on 8-K filed on December 3, 2012)
10.31	Letter Agreement, dated November 20, 2012, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Base Call Option Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on 8-K filed on December 3, 2012)
10.32	Letter Agreement, dated November 20, 2012, between Société Générale and Encore Capital Group, Inc., regarding the Base Call Option Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on 8-K filed on December 3, 2012)

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<u>Number</u>	<u>Description</u>
10.33	Letter Agreement, dated November 20, 2012, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Base Warrant Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on 8-K filed on December 3, 2012)
10.34	Letter Agreement, dated November 20, 2012, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Base Warrant Transaction (incorporated by reference to Exhibit 10.5 to the Company's Current Report on 8-K filed on December 3, 2012)
10.35	Letter Agreement, dated November 20, 2012, between Société Générale and Encore Capital Group, Inc., regarding the Base Warrant Transaction (incorporated by reference to Exhibit 10.6 to the Company's Current Report on 8-K filed on December 3, 2012)
10.36	Letter Agreement, dated December 6, 2012, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Additional Call Option Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on 8-K filed on December 12, 2012)
10.37	Letter Agreement, dated December 6, 2012, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Additional Call Option Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on 8-K filed on December 12, 2012)
10.38	Letter Agreement, dated December 6, 2012, between Société Générale and Encore Capital Group, Inc., regarding the Additional Call Option Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on 8-K filed on December 12, 2012)
10.39	Letter Agreement, dated December 6, 2012, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Additional Warrant Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on 8-K filed on December 12, 2012)
10.40	Letter Agreement, dated December 6, 2012, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Additional Warrant Transaction (incorporated by reference to Exhibit 10.5 to the Company's Current Report on 8-K filed on December 12, 2012)
10.41	Letter Agreement, dated December 6, 2012, between Société Générale and Encore Capital Group, Inc., regarding the Additional Warrant Transaction (incorporated by reference to Exhibit 10.6 to the Company's Current Report on 8-K filed on December 12, 2012)
10.42	Incremental Facility Agreement, dated December 6, 2012, among Encore Capital Group, Inc., Barclays Bank PLC, SunTrust Bank and each of the guarantors party thereto (incorporated by reference to Exhibit 10.7 to the Company's Current Report on 8-K filed on December 12, 2012)
10.43+	Amendment, dated January 9, 2013, to the Severance Protection Letter Agreement dated March 11, 2009 between Encore Capital Group, Inc. and Paul Grinberg (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 15, 2013)
10.44+	Letter Agreement, dated January 9, 2013, between Encore Capital Group, Inc. and Paul Grinberg (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 15, 2013)
10.45+	Transition and consulting letter agreement, dated as of April 8, 2013, by and between Encore Capital Group, Inc. and J. Brandon Black (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 9, 2013)
10.46+	Employment offer letter, dated as of April 8, 2013, by and between Encore Capital Group, Inc. and Kenneth A. Vecchione (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 9, 2013)

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<u>Number</u>	<u>Description</u>
10.47	Amendment No. 1 and Limited Waiver, dated May 9, 2013, to Amended and Restated Credit Agreement, dated as of November 5, 2012, by and among Encore Capital Group, Inc., the several banks and other financial institutions and lenders from time to time party thereto and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.48	Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and among Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporation (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.49	Amendment No. 1, dated February 7, 2013, to the Credit Facility Loan Agreement, dated May 8, 2012, by and among Propel Financial Services, LLC, certain banks and Texas Capital Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.50+	Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Appendix A of the Company's definitive Proxy Statement on Schedule 14A filed on April 26, 2013)
10.51+	Form of Non-Incentive Stock Option Agreement under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.52+	Form of Restricted Stock Award Grant Notice and Agreement (Executive) under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.53+	Form of Restricted Stock Award Grant Notice and Agreement (Non-Executive) under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.54+	Form of Restricted Stock Unit Grant Notice and Agreement (Executive) under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.55+	Form of Performance Stock Grant Notice and Agreement under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.56+	Form of Performance Stock Unit Grant Notice and Agreement under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.57+	Form of Restricted Stock Unit Grant Notice and Agreement (Non-Employee Director) under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.58	Incremental Facility Agreement, dated May 9, 2013, among Encore Capital Group, Inc., each of the banks and guarantors party thereto and SunTrust Bank, as administrative agent, issuing bank and swingline lender (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.59*	Tax Lien Loan and Security Agreement, dated May 15, 2013, by and among PFS Financial 1, LLC, PFS Finance Holdings, LLC, the Borrowers from time to time party thereto and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 20, 2013)

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<u>Number</u>	<u>Description</u>
10.60	Guaranty and Security Agreement, dated May 15, 2013, by PFS Finance Holdings, LLC, in favor of Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.61	Limited Guarantee, dated May 15, 2013, by Encore Capital Group, Inc., in favor of Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.62	Securities Purchase Agreement, dated May 29, 2013, by and between Encore Capital Group, Inc. and JCF III Europe S.À R.L. (incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.63	Amendment No. 2, dated May 29, 2013, to Amended and Restated Credit Agreement, dated November 5, 2012, by and among Encore Capital Group, Inc., the guarantors identified therein, the lenders party thereto and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.64	Amendment No. 1, dated May 29, 2013, to Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and between Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporations (incorporated by reference to Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.65	Letter Agreement, dated June 18, 2013, between Barclays Bank PLC and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 24, 2013)
10.66	Letter Agreement, dated June 18, 2013, between Credit Suisse International and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 24, 2013)
10.67	Letter Agreement, dated June 18, 2013, between Morgan Stanley & Co. International plc and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 24, 2013)
10.68	Letter Agreement, dated June 18, 2013, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on June 24, 2013)
10.69	Amendment, dated July 1, 2013, to Securities Purchase Agreement, dated May 29, 2013, by and between Encore Capital Group, Inc. and JCF III Europe S.À R.L. (incorporated by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.70*	Investors Agreement, dated July 1, 2013, by and between Encore Europe Holdings S.À R.L., JCF III Europe S.À R.L. and the other parties thereto (incorporated by reference to Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q/A filed on December 20, 2013)
10.71	Letter Agreement, dated July 18, 2013, between Barclays Bank PLC and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 23, 2013)
10.72	Letter Agreement, dated July 18, 2013, between Credit Suisse International and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 23, 2013)

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<u>Number</u>	<u>Description</u>
10.73	Letter Agreement, dated July 18, 2013, between Morgan Stanley & Co. International plc and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 23, 2013)
10.74	Letter Agreement, dated July 18, 2013, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on July 23, 2013)
10.75	Amended and Restated Senior Facilities Agreement, dated June 28, 2013, by and among Cabot Financial Limited, the several guarantors, banks and other financial institutions and lenders from time to time party thereto and J.P. Morgan Europe Limited as Agent and Security Agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013)
10.76	Second Amendment to Securities Purchase Agreement, dated September 25, 2013, by and between Encore Europe Holdings S.À R.L. and JCF III Europe S.À R.L. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed November 7, 2013)
10.77	Amendment to Letter Agreement, dated December 16, 2013, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Warrant Transactions (filed herewith)
10.78	Amendment to Letter Agreement, dated December 16, 2013, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Warrant Transactions (filed herewith)
10.79	Amendment to Letter Agreement, dated December 16, 2013, between Société Générale and Encore Capital Group, Inc., regarding the Warrant Transactions (filed herewith)
10.80	Amendment No. 2, dated December 27, 2013, to the Credit Facility Loan Agreement, dated May 8, 2012, by and among Propel Financial Services, LLC, certain banks and Texas Capital Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 2, 2014)
10.81+	Summary description of director compensation (incorporated by reference to the Company's Current Report on Form 8-K filed on February 24, 2014)
10.82	Share Sale and Purchase Agreement, dated February 7, 2014, by and among Cabot Financial Holdings Group Limited, certain funds managed by Duke Street and certain individuals, including certain executive management of Marlin Financial Group Limited (filed herewith)
10.83	Senior Secured Bridge Facilities Agreement, dated February 8, 2014, by and among Cabot Financial Holdings Group Limited, J.P. Morgan Limited, Deutsche Bank, AG, London Branch, Lloyds Bank plc and UBS Limited as lead arrangers and J.P. Morgan Europe Limited as agent security agent (filed herewith)
10.84+	First Amendment to Encore Capital Group, Inc. 2013 Incentive Compensation Plan, dated February 20, 2014 (filed herewith)
10.85+	Letter Agreement, dated February 24, 2014, between Encore Capital Group, Inc. and Paul Grinberg (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 24, 2014)
10.86	Second Amended and Restated Credit Agreement, dated February 25, 2014, by and among the Company, the several banks and other financial institutions and lenders from time to time party thereto and listed on the signature pages thereof, and SunTrust Bank, as administrative agent and collateral agent (filed herewith)

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<u>Number</u>	<u>Description</u>
10.87	Amendment No. 2, dated February 25, 2014, to Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and between Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporations (filed herewith)
10.88	Amendment No. 1, dated February 25, 2014, to Amended and Restated Guaranty, dated November 5, 2012, by and among certain subsidiaries of Encore Capital Group, Inc. and SunTrust Bank, as administrative agent (filed herewith)
21	List of Subsidiaries (filed herewith)
23	Consent of Independent Registered Public Accounting Firm, BDO USA, LLP, dated February 25, 2014 (filed herewith)
24	Power of Attorney (filed herewith)
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 (filed herewith)
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 (filed herewith)
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following financial information from the Encore Capital Group, Inc. Annual Report on Form 10-K for the year ended December 31, 2013 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Statements of Financial Condition; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements.

\* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential portions have been submitted separately to the Securities and Exchange Commission.

+ Management contract or compensatory plan or arrangement.





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**ENCORE CAPITAL GROUP, INC.**  
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**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders  
Encore Capital Group, Inc.  
San Diego, California

We have audited the accompanying consolidated statements of financial condition of Encore Capital Group, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. These 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, 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Encore Capital Group, Inc. at December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, 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), Encore Capital Group, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 25, 2014, expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

San Diego, California  
February 25, 2014

**ENCORE CAPITAL GROUP, INC.**  
**Consolidated Statements of Financial Condition**  
(In Thousands, Except Par Value Amounts)

	December 31, 2013	December 31, 2012
<b>Assets</b>		
Cash and cash equivalents	\$ 126,213	\$ 17,510
Investment in receivable portfolios, net	1,590,249	873,119
Deferred court costs, net	41,219	35,407
Receivables secured by property tax liens, net	212,814	135,100
Property and equipment, net	55,783	23,223
Other assets	154,783	31,535
Goodwill	504,213	55,446
Total assets <sup>(1)</sup>	<u>\$ 2,685,274</u>	<u>\$ 1,171,340</u>
<b>Liabilities and stockholders' equity</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 137,272	\$ 43,909
Deferred tax liabilities, net	7,164	8,236
Debt	1,850,431	706,036
Other liabilities	87,936	7,343
Total liabilities <sup>(1)</sup>	<u>2,082,803</u>	<u>765,524</u>
Redeemable noncontrolling interest	26,564	—
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Convertible preferred stock, \$.01 par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$.01 par value, 50,000 shares authorized, 25,457 shares and 23,191 shares issued and outstanding as of December 31, 2013 and December 31, 2012, respectively	255	232
Additional paid-in capital	171,819	88,029
Accumulated earnings	394,628	319,329
Accumulated other comprehensive gain (loss)	5,195	(1,774)
Total Encore Capital Group, Inc. stockholders' equity	<u>571,897</u>	<u>405,816</u>
Noncontrolling interest	4,010	—
Total stockholders' equity	<u>575,907</u>	<u>405,816</u>
Total liabilities, redeemable noncontrolling interest and stockholders' equity	<u>\$ 2,685,274</u>	<u>\$ 1,171,340</u>

<sup>(1)</sup> The Company's consolidated assets as of December 31, 2013 included \$1,106,538 of assets from its variable interest entity, or VIE, that can only be used to settle obligations of the VIE. These assets include cash and cash equivalents of \$62,403; investment in receivable portfolios, net, of \$620,312; property and equipment, net, of \$13,755; other assets of \$33,772; and goodwill of \$376,296. The Company's consolidated liabilities as of December 31, 2013, included \$895,792 of liabilities of its VIE, whose creditors have no recourse to the Company. These liabilities include accounts payable and accrued liabilities of \$47,219; debt of \$846,676; and other liabilities of \$1,897. See further details of the assets and liabilities of the Company's VIE in Note 11, "Variable Interest Entity."

*See accompanying notes to consolidated financial statements*

**ENCORE CAPITAL GROUP, INC.**  
**Consolidated Statements of Income**  
(In Thousands, Except Per Share Amounts)

	Year Ended December 31,		
	2013	2012	2011
<b>Revenues</b>			
Revenue from receivable portfolios, net	\$744,870	\$545,412	\$448,714
Other revenues	12,588	905	32
Net interest income	15,906	10,460	—
Total revenues	<u>773,364</u>	<u>556,777</u>	<u>448,746</u>
<b>Operating expenses</b>			
Salaries and employee benefits	165,040	101,084	77,805
Cost of legal collections	186,959	168,703	157,050
Other operating expenses	66,649	48,939	35,708
Collection agency commissions	33,097	15,332	14,162
General and administrative expenses	109,713	61,798	39,760
Depreciation and amortization	13,547	5,840	4,081
Total operating expenses	<u>575,005</u>	<u>401,696</u>	<u>328,566</u>
Income from operations	<u>198,359</u>	<u>155,081</u>	<u>120,180</u>
<b>Other (expense) income</b>			
Interest expense	(73,269)	(25,564)	(21,116)
Other (expense) income	(4,222)	808	(395)
Total other expense	<u>(77,491)</u>	<u>(24,756)</u>	<u>(21,511)</u>
Income from continuing operations before income taxes	120,868	130,325	98,669
Provision for income taxes	(45,388)	(51,754)	(38,076)
Income from continuing operations	75,480	78,571	60,593
(Loss) income from discontinued operations, net of tax	(1,740)	(9,094)	365
Net income	<u>73,740</u>	<u>69,477</u>	<u>60,958</u>
Net loss attributable to noncontrolling interest	1,559	—	—
Net income attributable to Encore Capital Group, Inc. stockholders	<u>\$ 75,299</u>	<u>\$ 69,477</u>	<u>\$ 60,958</u>
<b>Amounts attributable to Encore Capital Group, Inc.:</b>			
Income from continuing operations	\$ 77,039	\$ 78,571	\$ 60,593
(Loss) income from discontinued operations, net of tax	(1,740)	(9,094)	365
Net income	<u>\$ 75,299</u>	<u>\$ 69,477</u>	<u>\$ 60,958</u>
<b>Earnings (loss) per share attributable to Encore Capital Group, Inc.:</b>			
<b>Basic earnings (loss) per share from:</b>			
Continuing operations	\$ 3.12	\$ 3.16	\$ 2.47
Discontinued operations	\$ (0.07)	\$ (0.36)	\$ 0.01
Net basic earnings per share	<u>\$ 3.05</u>	<u>\$ 2.80</u>	<u>\$ 2.48</u>
<b>Diluted earnings (loss) per share from:</b>			
Continuing operations	\$ 2.94	\$ 3.04	\$ 2.36
Discontinued operations	\$ (0.07)	\$ (0.35)	\$ 0.01
Net diluted earnings per share	<u>\$ 2.87</u>	<u>\$ 2.69</u>	<u>\$ 2.37</u>
<b>Weighted average shares outstanding:</b>			
Basic	24,659	24,855	24,572
Diluted	26,204	25,836	25,690

*See accompanying notes to consolidated financial statements*

**ENCORE CAPITAL GROUP, INC.**  
**Consolidated Statements of Comprehensive Income**  
(In Thousands, Except Per Share Amounts)

	Year Ended December 31,		
	2013	2012	2011
Net income	\$73,740	\$69,477	\$60,958
Other comprehensive (loss) gain, net of tax:			
Unrealized (loss) gain on derivative instruments	(817)	194	(2,119)
Unrealized gain on foreign currency translation	7,692	—	—
Other comprehensive gain (loss), net of tax	6,875	194	(2,119)
Comprehensive income	80,615	69,671	58,839
Comprehensive loss (gain) attributable to noncontrolling interest:			
Net loss	1,559	—	—
Unrealized gain on foreign currency translation	(1,398)	—	—
Comprehensive loss attributable to noncontrolling interests	161	—	—
Comprehensive income attributable to Encore Capital Group, Inc. stockholders	<u>\$80,776</u>	<u>\$69,671</u>	<u>\$58,839</u>

*See accompanying notes to consolidated financial statements*

**ENCORE CAPITAL GROUP, INC.**  
**Consolidated Statements of Stockholders' Equity**  
(In Thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
	Shares	Par					
<b>Balance at December 31, 2010</b>	<u>24,011</u>	<u>\$240</u>	<u>\$113,412</u>	<u>\$ 188,894</u>	<u>\$ 151</u>	<u>\$ —</u>	<u>\$302,697</u>
Net income	—	—	—	60,958	—	—	60,958
Other comprehensive loss, net of tax:							
Unrealized loss on derivative instruments	—	—	—	—	(2,119)	—	(2,119)
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes	509	5	(2,405)	—	—	—	(2,400)
Stock-based compensation	—	—	7,709	—	—	—	7,709
Tax benefit related to stock-based compensation	—	—	4,690	—	—	—	4,690
<b>Balance at December 31, 2011</b>	<u>24,520</u>	<u>\$245</u>	<u>\$123,406</u>	<u>\$ 249,852</u>	<u>\$ (1,968)</u>	<u>\$ —</u>	<u>\$371,535</u>
Net income	—	—	—	69,477	—	—	69,477
Other comprehensive gain, net of tax:							
Unrealized gain on derivative instruments	—	—	—	—	194	—	194
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes	534	5	(1,127)	—	—	—	(1,122)
Repurchase of common stock	(1,863)	(18)	(49,252)	—	—	—	(49,270)
Stock-based compensation	—	—	8,794	—	—	—	8,794
Tax benefit related to stock-based compensation	—	—	3,926	—	—	—	3,926
Issuance of convertible notes, net	—	—	13,923	—	—	—	13,923
Purchase of convertible hedge and sale of warrants, net	—	—	(11,641)	—	—	—	(11,641)
<b>Balance at December 31, 2012</b>	<u>23,191</u>	<u>\$232</u>	<u>\$ 88,029</u>	<u>\$ 319,329</u>	<u>\$ (1,774)</u>	<u>\$ —</u>	<u>\$405,816</u>
Net income (loss) (excluding \$1,167 of loss attributable to redeemable noncontrolling interests)	—	—	—	75,299	—	(392)	74,907
Other comprehensive gain, net of tax:							
Unrealized loss on derivative instruments	—	—	—	—	(817)	—	(817)
Unrealized gain on foreign currency translation (excluding \$1,047 attributable to redeemable noncontrolling interests)	—	—	—	—	7,786	351	8,137
Initial noncontrolling interests related to business combinations	—	—	—	—	—	4,051	4,051
Change in fair value of redeemable noncontrolling interests	—	—	(1,167)	—	—	—	(1,167)
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes	618	6	(4,973)	—	—	—	(4,967)
Repurchase of common stock	(24)	—	(729)	—	—	—	(729)
Issuance of common stock	1,672	17	62,335	—	—	—	62,352
Stock-based compensation	—	—	12,649	—	—	—	12,649
Tax benefit related to stock-based compensation	—	—	5,420	—	—	—	5,420
Issuance of convertible notes, net	—	—	31,024	—	—	—	31,024
Purchase of convertible hedge and sale of warrants, net	—	—	(20,769)	—	—	—	(20,769)
<b>Balance at December 31, 2013</b>	<u>25,457</u>	<u>\$255</u>	<u>\$171,819</u>	<u>\$ 394,628</u>	<u>\$ 5,195</u>	<u>\$ 4,010</u>	<u>\$575,907</u>

*See accompanying notes to consolidated financial statements*

**ENCORE CAPITAL GROUP, INC.**  
**Consolidated Statements of Cash Flows**  
(In Thousands)

	Year Ended December 31,		
	2013	2012	2011
<b>Operating activities:</b>			
Net income	\$ 73,740	\$ 69,477	\$ 60,958
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,547	5,840	4,661
Impairment charge for goodwill and identifiable intangible assets	—	10,400	—
Amortization of loan costs and premium on receivables secured by tax liens	6,715	3,268	1,833
Stock-based compensation expense	12,649	8,794	7,709
Recognized loss on termination of derivative contract	3,630	—	—
Deferred income taxes	(28,188)	(7,474)	(1,917)
Excess tax benefit from stock-based payment arrangements	(5,609)	(4,123)	(5,101)
Loss on sale of discontinued operations	—	2,416	—
(Reversal) provision for allowances on receivable portfolios, net	(12,193)	(4,221)	10,823
Changes in operating assets and liabilities			
Deferred court costs and other assets	(11,697)	2,893	(4,169)
Prepaid income tax and income taxes payable	(468)	7,060	6,495
Accounts payable, accrued liabilities and other liabilities	22,649	4,190	3,287
Net cash provided by operating activities	<u>74,775</u>	<u>98,520</u>	<u>84,579</u>
<b>Investing activities:</b>			
Cash paid for acquisition, net of cash acquired	(449,024)	(186,731)	—
Purchases of receivable portfolios, net of put-backs	(249,562)	(559,259)	(383,998)
Collections applied to investment in receivable portfolios, net	546,366	406,815	301,474
Originations and purchases of receivables secured by tax liens	(116,960)	(34,036)	—
Collections applied to receivables secured by tax liens	70,573	35,706	—
Purchases of property and equipment	(13,423)	(6,265)	(5,564)
Other	(5,210)	—	—
Net cash used in investing activities	<u>(217,240)</u>	<u>(343,770)</u>	<u>(88,088)</u>
<b>Financing activities:</b>			
Payment of loan costs	(17,207)	(12,359)	(840)
Proceeds from credit facilities	659,940	508,399	121,000
Repayment of credit facilities	(630,163)	(289,673)	(143,000)
Proceeds from senior secured notes	151,670	—	25,000
Repayment of senior secured notes	(13,750)	(2,500)	—
Proceeds from issuance of convertible senior notes	172,500	115,000	—
Repayment of preferred equity certificates	(39,743)	—	—
Purchases of convertible hedge instruments	(32,008)	(22,669)	—
Proceeds from sale of warrants	—	11,028	—
Repurchase of common stock	(729)	(49,270)	—
Proceeds from exercise of stock options	4,442	1,847	1,263
Taxes paid related to net share settlement of equity awards	(9,591)	(2,969)	(3,891)
Excess tax benefit from stock-based payment arrangements	5,609	4,123	5,101
Repayment of capital lease obligations	(4,990)	(6,244)	(3,982)
Net cash provided by financing activities	<u>245,980</u>	<u>254,713</u>	<u>651</u>
Net increase (decrease) in cash and cash equivalents	103,515	9,463	(2,858)
Effect of exchange rate changes on cash	5,188	—	—
Cash and cash equivalents, beginning of period	17,510	8,047	10,905
Cash and cash equivalents, end of period	<u>\$ 126,213</u>	<u>\$ 17,510</u>	<u>\$ 8,047</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid for interest	\$ 50,181	\$ 25,218	\$ 19,038
Cash paid for income taxes	66,759	46,297	32,125
<b>Supplemental schedule of non-cash investing and financing activities:</b>			
Fixed assets acquired through capital lease	\$ 5,011	\$ 5,287	\$ 2,949

*See accompanying notes to consolidated financial statements*

**ENCORE CAPITAL GROUP, INC.**  
**Notes to Consolidated Financial Statements**

**Note 1: Ownership, Description of Business, and Summary of Significant Accounting Policies**

Encore Capital Group, Inc. (“Encore”), through its subsidiaries (collectively, the “Company”), is an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of financial assets. The Company purchases portfolios of defaulted consumer receivables at deep discounts to face value and manages them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers’ unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings. Encore, through certain subsidiaries, is a market leader in portfolio purchasing and recovery in the United States. Encore’s subsidiary, Janus Holdings Luxembourg S.a.r.l. (“Janus Holdings”), through its indirectly held United Kingdom-based subsidiary Cabot Credit Management Limited (“Cabot”), is a market leader in debt management in the United Kingdom specializing in higher balance, “semi-performing” accounts. Encore’s majority-owned subsidiary, Refinancia S.A. (“Refinancia”), through its subsidiaries is a market leader in debt collection and management in Colombia and Peru. In addition, through Encore’s subsidiary, Propel Financial Services, LLC (“Propel”), the Company assists Texas and Nevada property owners who are delinquent on their property taxes by paying these taxes on behalf of the property owners in exchange for payment agreements collateralized by the existing tax liens on the property. Propel also acquires tax liens directly from taxing authorities outside of Texas and Nevada.

**Portfolio Purchasing and Recovery**

**United States.** The Company purchases receivable portfolios based on robust, account-level valuation methods and employs a suite of proprietary statistical and behavioral models across the full extent of its operations. These investments allow the Company to value portfolios accurately (and limit the risk of overpaying), avoid buying portfolios that are incompatible with its methods or goals and precisely align the accounts it purchases with its operational channels to maximize future collections. As a result, the Company has been able to realize significant returns from the receivables it acquires. The Company maintains strong relationships with many of the largest credit and telecommunication providers, and possesses one of the industry’s best collection staff retention rates.

The Company uses insights discovered during its purchasing process to build account collection strategies. The Company’s proprietary consumer-level collectability analysis is the primary determinant of whether an account will be actively serviced post-purchase. The Company continuously refines this analysis to determine the most effective collection strategy to pursue for each account it owns. After the Company’s preliminary analysis, it seeks to collect on only a fraction of the accounts it purchases, through one or more of its collection channels. The channel identification process is analogous to a funneling system, where the Company first differentiates those consumers who it believes are not able to pay from those who are able to pay. Consumers who the Company believes are financially incapable of making any payments, facing extenuating circumstances or hardships (such as medical issues), serving in the military, or currently receiving social security as their only source of income are excluded from the next step of its collection process and are designated as inactive. The remaining pool of accounts in the funnel then receives further evaluation. At that point, the Company analyzes and determines a consumer’s perceived willingness to pay. Based on that analysis, the Company will pursue collections through letters and/or phone calls to its consumers. Despite its efforts to reach consumers and work out a settlement option, only a small number of consumers who are contacted choose to engage with the Company. Those who do are often offered deep discounts on their obligations, or are presented with payment plans that are better suited to meet their daily cash flow needs. The majority of contacted consumers, however, ignore both the Company’s calls and letters, and therefore the Company must then make the difficult decision whether or not to pursue collections through legal means.



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The Company continually monitors applicable changes to laws governing statutes of limitations and disclosures to consumers. The Company maintains policies, system controls, and processes designed to ensure that accounts past the applicable statute of limitations do not get placed into legal collections. Additionally, in written and verbal communications with consumers, the Company provides disclosures to the consumer that the account is past its applicable statute of limitations and, therefore, the Company will not pursue collections through legal means.

**United Kingdom.** Through Cabot, portfolio receivables are purchased using a proprietary pricing model. This model allows Cabot to value portfolios with a high degree of accuracy and quantify portfolio performance in order to maximize future collections. As a result, Cabot has been able to realize significant returns from the assets it has acquired. Cabot maintains strong relationships with many of the largest financial service providers in the United Kingdom.

Cabot also uses insights discovered during its purchasing process to build account collection strategies. Cabot's proprietary consumer-level collectability analysis is the primary determinant of how an account will be serviced post-purchase. Cabot continuously refines this analysis to determine the most effective collection strategy to pursue for each account it owns. In recent years, Cabot has concentrated on buying portfolios that are defined as semi-performing in which over 50% of the accounts in a portfolio have made a payment in three of the last four months immediately prior to the portfolio purchase. Cabot will try to establish contact with these consumers in order to transfer payment arrangements and gauge the willingness of these consumers to pay. Consumers who Cabot believes are financially incapable of making any payments, those having negative disposable income, or those experiencing hardships (such as medical issues or mental incapacity), are placed on hold and managed outside of normal collections routines.

The remaining pool of accounts then receives further evaluation. Cabot analyzes and estimates a consumer's perceived willingness to pay. Based on that analysis, Cabot pursues collections through letters and/or phone calls to its consumers. Where contact is made and consumers indicate a willingness to pay, a patient approach of forbearance is applied using regulatory protocols within the United Kingdom to assess affordability and ensure that plans are fair and balanced and therefore sustainable.

Where consumers are not locatable or refuse to engage in a constructive dialogue, Cabot will pass these accounts through a litigation scorecard and rule set in order to assess suitability for legal action.

**Colombia and Peru.** The Company's newly acquired Refinancia subsidiary is a market leader in management of non-performing loans in Colombia and Peru. In addition to purchasing defaulted receivables, Refinancia offers portfolio management services to banks for non-performing loans. Refinancia also specializes in non-traditional niches in the geographic areas in which it operates, including providing financial solutions to individuals with defaulted credit records, payment plan guarantee services through merchants and loan guarantee services to financial institutions.

### **Tax Lien Business**

Propel's principal activities are the acquisition and servicing of residential and commercial tax liens on real property. These liens take priority over most other liens. By funding tax liens, Propel provides state and local taxing authorities and governments with much needed tax revenue. To the extent permitted by local law, Propel works with property owners to structure affordable payment plans designed to allow them to keep their property while paying their property tax obligation over time. Propel maintains a foreclosure rate of less than one-half of one percent.

Propel's receivables secured by property tax liens include Texas tax liens, Nevada tax liens, and tax lien certificates (collectively, "Tax Liens"). With Texas and Nevada Tax Liens, Texas or Nevada property owners choose to have the taxing authority transfer their tax lien to Propel. Propel pays their tax lien obligation to the

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taxing authority and the property owner pays Propel over time at a lower interest rate than is being assessed by the taxing authority. Propel's arrangements with Texas and Nevada property owners provide them with repayment plans that are both affordable and flexible when compared with other payment options. Propel also purchases Tax Liens in various other states directly from taxing authorities, securing rights to future property tax payments, interest and penalties. In most cases, such Tax Liens continue to be serviced by the taxing authority. When the taxing authority is paid, it repays Propel the outstanding balance of the lien plus interest, which is established by statute or negotiated at the time of the purchase.

### ***Basis of Consolidation***

The consolidated financial statements have been prepared in conformity with GAAP, and reflect the accounts and operations of the Company and those of its subsidiaries in which the Company has a controlling financial interest. The Company also consolidates Variable Interest Entities ("VIE"), for which it is the primary beneficiary. The primary beneficiary has both (a) the power to direct the activities of the VIE that most significantly affect the entity's economic performance, and (b) the obligation to absorb losses or the right to receive benefits. The Company has determined that its less than wholly owned subsidiary Janus Holdings is a VIE, and the Company is the primary beneficiary of the VIE. As a result, the financial results of Janus Holdings are consolidated under the VIE consolidation model. Refer to Note 11, "Variable Interest Entity," for further details. The Company evaluates its relationships with the VIE on an ongoing basis to ensure that it continues to be the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

On July 1, 2013, the Company completed its acquisition of Cabot. The consolidated statements of income and comprehensive income for the year ended December 31, 2013, include the results of operations of Cabot's parent Company, Janus Holdings, since the date of acquisition. On June 13, 2013, the Company completed its merger with Asset Acceptance Capital Corp. ("AACC"). The consolidated statements of income and comprehensive income for the year ended December 31, 2013, include the results of operations of AACC since the date of acquisition. On May 8, 2012, the Company completed its acquisition of Propel. The consolidated statements of income and comprehensive income for the year ended December 31, 2012, include the results of operations of Propel since the date of acquisition. Refer to Note 3, "Business Combinations," for further details.

### ***Translation of Foreign Currencies***

The financial statements of certain of the Company's foreign subsidiaries are measured using their local currency as the functional currency. Assets and liabilities are translated as of the end of the balance sheet date and revenue and expenses are translated at an average rate over the period. Currency translation adjustments are recorded as a component of other comprehensive income. Transaction gains and losses are included in other (expense) income.

### ***Reclassifications***

Certain immaterial amounts in the 2012 and 2011 consolidated financial statements have been reclassified to conform to the 2013 presentation.

### ***Use of Estimates***

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

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### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the date of purchase. The Company invests its excess cash in bank deposits and money market instruments, which are afforded the highest ratings by nationally recognized rating firms. The carrying amounts reported in the consolidated statements of financial condition for cash and cash equivalents approximate their fair value.

### ***Investment in Receivable Portfolios***

In accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality, discrete receivable portfolio purchases during a quarter are aggregated into pools based on common risk characteristics. Once a static pool is established, the portfolios are permanently assigned to the pool. The discount (*i.e.*, the difference between the cost of each static pool and the related aggregate contractual receivable balance) is not recorded because the Company expects to collect a relatively small percentage of each static pool's contractual receivable balance. As a result, receivable portfolios are recorded at cost at the time of acquisition. The purchase cost of the portfolios includes certain fees paid to third parties incurred in connection with the direct acquisition of the receivable portfolios.

In compliance with the authoritative guidance, the Company accounts for its investments in consumer receivable portfolios using either the interest method or the cost recovery method. The interest method applies an internal rate of return ("IRR") to the cost basis of the pool, which remains unchanged throughout the life of the pool, unless there is an increase in subsequent expected cash flows. Subsequent increases in expected cash flows are generally recognized prospectively through an upward adjustment of the pool's IRR over its remaining life. Subsequent decreases in expected cash flows do not change the IRR, but are recognized as an allowance to the cost basis of the pool, and are reflected in the consolidated statements of income as a reduction in revenue, with a corresponding valuation allowance, offsetting the investment in receivable portfolios in the consolidated statements of financial condition.

The Company accounts for each static pool as a unit for the economic life of the pool (similar to one loan) for recognition of revenue from receivable portfolios, for collections applied to the cost basis of receivable portfolios and for provision for loss or allowance. Revenue from receivable portfolios is accrued based on each pool's IRR applied to each pool's adjusted cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances.

If the amount and timing of future cash collections on a pool of receivables are not reasonably estimable, the Company accounts for such portfolios on the cost recovery method ("Cost Recovery Portfolios"). The accounts in these portfolios have different risk characteristics than those included in other portfolios acquired during the same quarter, or the necessary information was not available to estimate future cash flows and, accordingly, they were not aggregated with other portfolios. See Note 6 "Investment in Receivable Portfolios, Net" for further discussion of investment in receivable portfolios.

### ***Goodwill and Other Intangible Assets***

Goodwill represents the excess of purchase price over the value assigned to the tangible and identifiable intangible assets, liabilities assumed, and noncontrolling interests of businesses acquired. Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. In accordance with authoritative guidance on goodwill and other intangible assets, goodwill and other indefinite-lived intangible assets are tested at the reporting unit level annually for impairment and in interim periods if certain events occur indicating the fair value of a reporting unit may be below its carrying value.

See Note 16 "Goodwill and Identifiable Intangible Assets" for further discussion of the Company's goodwill and other intangible assets.

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### **Property and Equipment**

Property and equipment are recorded at cost, less accumulated depreciation and amortization. The provision for depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Fixed Asset Category</u>	<u>Estimated Useful Life</u>
Leasehold improvements	Lesser of lease term, including periods covered by renewal options, or useful life
Furniture, fixtures and equipment	5 to 10 years
Computer hardware and software	3 to 5 years

Maintenance and repairs are charged to expense in the year incurred. Expenditures for major renewals that extend the useful lives of fixed assets are capitalized and depreciated over the useful lives of such assets.

### **Deferred Court Costs**

The Company contracts with a nationwide network of attorneys that specialize in collection matters. The Company generally refers charged-off accounts to its contracted attorneys when it believes the related consumer has sufficient assets to repay the indebtedness and has, to date, been unwilling to pay. In connection with the Company's agreement with the contracted attorneys, it advances certain out-of-pocket court costs ("Deferred Court Costs"). The Company capitalizes these costs in its consolidated financial statements and provides a reserve for those costs that it believes will ultimately be uncollectible. The Company determines the reserve based on its analysis of court costs that have been advanced and those that have been recovered. Historically, the Company wrote off Deferred Court Costs not recovered within three years of placement. However, as a result of a history of court cost recoveries beyond three years, the Company has determined that court costs are recovered over a longer period of time. As a result, in January 2013, on a prospective basis, the Company began increasing its deferral period from three years to five years. Collections received from debtors are first applied to related court costs with the balance applied to the debtors' account. See Note 7 "Deferred Court Costs, Net" for further discussion.

### **Receivables Secured by Property Tax Liens, Net**

Propel's receivables are secured by Tax Liens. Repayment of the Tax Liens is generally dependent on the property owner but can also come through payments from other lien holders or foreclosure on the properties. Propel records these receivables secured by property tax liens at their outstanding principal balances, adjusted for, if any, charge-offs, allowance for losses, deferred fees or costs, and unamortized premiums or discounts. Interest income is reported on the interest method and includes amortization of net deferred fees and costs over the term of the agreements. Propel accrues interest on all past due receivables secured by tax liens as the receivables are collateralized by tax liens that are in a priority position over most other liens on the properties. If there is doubt about the ultimate collection of the accrued interest on a specific portfolio, it would be placed on non-accrual and, at that time, all accrued interest would be reversed.

The allowance for losses on receivables secured by property tax liens is evaluated on a regular basis by management and is based upon management's periodic review of the collectability in light of historical experience, the nature and volume of the receivable portfolios, adverse situations that may affect the borrower's ability to repay, the estimated value of the underlying collateral and prevailing economic conditions. The primary factor Propel uses to evaluate each receivable is the lien to value ratio, which is typically less than 15% and rarely exceeds 25%. Propel has not experienced any losses on receivables secured by Tax Liens in its portfolio. In addition, management believes, based on the fact that the Tax Liens are in a priority position over most other liens on the properties, that it will not experience any material losses on the ultimate collection of these receivables. Therefore, no allowance has been provided for as of December 31, 2013.

### ***Income Taxes***

The Company uses the liability method of accounting for income taxes in accordance with the authoritative guidance for Income Taxes. When the Company prepares its consolidated financial statements, it estimates income taxes based on the various jurisdictions and countries where it conducts business. This requires the Company to estimate current tax exposure and to assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. Deferred income taxes are recognized based on the differences between the financial statement and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company then assesses the likelihood that deferred tax assets will be realized. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. When the Company establishes a valuation allowance or increases this allowance in an accounting period, it records a corresponding tax expense in the consolidated statement of operations. The Company includes interest and penalties related to income taxes within its provision for income taxes. See Note 13 “Income Taxes” for further discussion.

Management must make significant judgments to determine the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance to be recorded against deferred tax assets.

### ***Stock-Based Compensation***

The Company determines stock-based compensation expense for all share-based payment awards based on the measurement date fair value. The Company recognizes compensation cost only for those awards expected to meet the service and performance vesting conditions over the requisite service period of the award. Forfeiture rates are estimated based on the Company’s historical experience. See Note 12 “Stock-Based Compensation” for further discussion.

### ***Derivative Instruments and Hedging Activities***

The Company recognizes all derivative financial instruments in its consolidated financial statements at fair value. Changes in the fair value of derivative instruments are recorded in earnings unless hedge accounting criteria are met. The Company designates its interest rate swap and foreign currency exchange contracts as cash flow hedges. The effective portion of the changes in fair value of these cash flow hedges is recorded each period, net of tax, in accumulated other comprehensive income (loss) until the related hedged transaction occurs. Any ineffective portion of the changes in fair value of these cash flow hedges is recorded in earnings. In the event the hedged cash flow does not occur, or it becomes probable that it will not occur, the Company would reclassify the amount of any gain or loss on the related cash flow hedge to income (expense) at that time. See Note 5 “Derivatives and Hedging Instruments” for further discussion.

### ***Redeemable Noncontrolling Interests***

Some minority shareholders in certain subsidiaries of the Company have the right, at certain times, to require the Company to acquire their ownership interest in those entities at fair value, while others have the right to force a sale of the subsidiary if the Company chooses not to purchase their interests at fair value. The noncontrolling interests subject to these arrangements are included in temporary equity as redeemable noncontrolling interests, and are adjusted to their estimated redemption amounts each reporting period with a corresponding adjustment to additional paid-in capital. Future reductions in the carrying amounts are subject to a “floor” amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments will not affect the calculation of earnings per share.

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### **Earnings Per Share**

Basic earnings per share is calculated by dividing net earnings attributable to Encore by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, restricted stock, and the dilutive effect of the convertible senior notes.

A reconciliation of shares used in calculating earnings per basic and diluted shares follows (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
Weighted average common shares outstanding—basic	24,659	24,855	24,572
Dilutive effect of stock-based awards	950	981	1,118
Dilutive effect of convertible senior notes	595	—	—
Weighted average common shares outstanding—diluted	<u>26,204</u>	<u>25,836</u>	<u>25,690</u>

No anti-dilutive employee stock options were outstanding during the year ended December 31, 2013. Employee stock options to purchase approximately 352,000, and 167,000 shares of common stock as of December 31, 2012 and 2011, respectively, were outstanding but not included in the computation of diluted earnings per common share because the effect on diluted earnings per share would be anti-dilutive.

For the year ended December 31, 2013, diluted earnings per share includes the effect of common shares issuable upon conversion of the Company's \$115.0 million convertible senior notes due 2017. During the period, the notes were convertible at a conversion price equivalent to approximately \$31.56 per share of the Company's common stock as a result of the conditions of the notes. As a result, the amount in excess of the principal is presumed to be settled in common shares and is reflected in the calculation of diluted earnings per share.

During the fourth quarter of 2012, concurrent with the issuance of its \$115.0 million convertible senior notes due 2017, the Company entered into privately negotiated transactions with certain counterparties and sold warrants to purchase approximately 3.6 million shares of its common stock. The sold warrants had an exercise price of \$44.19. On December 16, 2013, the Company entered into amendments with the same counterparties to exchange the original warrants with new warrants with an exercise price of \$60.00. All other terms and settlement provisions remain unchanged. Warrants representing approximately 358,000 shares of the Company's common stock have been modified by December 31, 2013. The remaining 3.2 million shares represented by the warrants were modified between January 1, 2014 and February 6, 2014. Refer to Note 10 "Debt—Encore Convertible Senior Notes—2017 Convertible Senior Notes" for further details of the warrant restrrike transaction.

The average market value of the Company's shares did not exceed the exercise price of the original or new warrants during the year ended December 31, 2013 or 2012, and therefore the effect of the warrants was anti-dilutive for those periods.

### **Note 2: Discontinued Operations**

On May 16, 2012, the Company completed the sale of substantially all of the assets and certain of the liabilities of its bankruptcy servicing subsidiary Ascension Capital Group, Inc. ("Ascension"), to a subsidiary of American InfoSource, L.P. ("AIS"). As part of the sale, the Company agreed to fund certain, agreed-upon operating losses in the first year of AIS' ownership of the Ascension business, not to exceed \$4.0 million. If the Ascension business becomes profitable under AIS' ownership, the Company will be paid an earn-out equal to 40% of Ascension's EBITDA, for the first five years commencing May 16, 2012. The Company received no proceeds from the sale and recognized the entire \$4.0 million loss contingency during the second quarter of 2012.

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During the year ended December 31, 2013, the Company recognized a loss of \$2.2 million incurred to resolve legacy contractual claims against Ascension by a former customer. Additionally, during the year the Company accrued a loss of \$0.7 million related to the Ascension lease which remains an obligation of the Company. Ascension's operations are presented as discontinued operations in the Company's consolidated statements of income and comprehensive income. The following table presents the revenue and components of discontinued operations (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
Revenue	\$ —	\$ 5,704	\$ 18,626
(Loss) income from discontinued operations before income taxes	\$(2,900)	\$(11,942)	\$ 595
Income tax benefit (expense)	1,160	4,678	(230)
(Loss) income from discontinued operations	(1,740)	(7,264)	365
Loss on sale of discontinued operations, before income taxes	—	(2,416)	—
Income tax benefit	—	586	—
Loss on sale of discontinued operations	—	(1,830)	—
Total (loss) income from discontinued operations	\$(1,740)	\$ (9,094)	\$ 365

### Note 3: Business Combinations

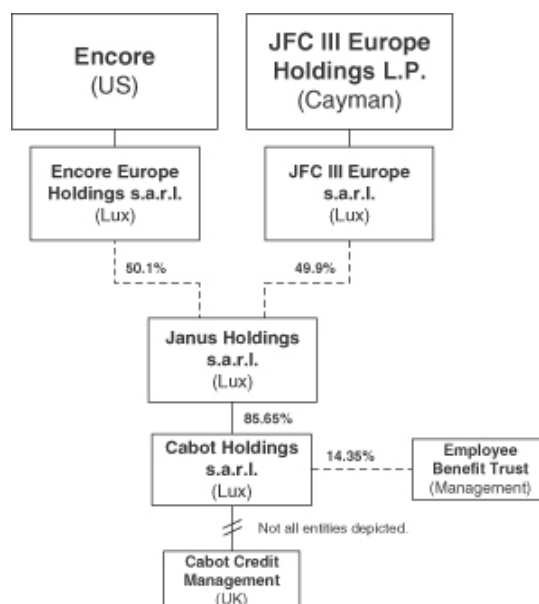
#### Cabot Acquisition

On July 1, 2013, the Company, through its wholly owned subsidiary Encore Europe Holdings S.a.r.l. ("Encore Europe"), completed its acquisition (the "Cabot Acquisition") of 50.1% of the equity interest in Janus Holdings, the indirect holding company of United Kingdom-based Cabot from certain funds advised by J.C. Flowers & Co. LLC ("J.C. Flowers") pursuant to a Securities Purchase Agreement (as amended, the "Purchase Agreement"). Pursuant to the terms and conditions of the Purchase Agreement, Encore Europe purchased from J.C. Flowers: (i) E Bridge preferred equity certificates issued by Janus Holdings, with a face value of £10,218,574 (approximately \$15.5 million) (and any accrued interest thereof) (the "E Bridge PECs"), (ii) E preferred equity certificates issued by Janus Holdings with a face value of £96,729,661 (approximately \$147.1 million) (and any accrued interest thereof) (the "E PECs"), (iii) 3,498,563 E shares of Janus Holdings (the "E Shares"), and (iv) 100 A shares of Cabot Holdings S.a.r.l. ("Cabot Holdings"), the direct subsidiary of Janus Holdings, for an aggregate purchase price of approximately £115.1 million (approximately \$175.0 million). The E Bridge PECs, E PECs, and E Shares represent 50.1% of all of the issued and outstanding equity and debt securities of Janus Holdings. The remaining 49.9% of Janus Holdings' equity and debt securities are owned by J.C. Flowers and include: (a) J Bridge preferred equity certificates with a face value of £10,177,781 (approximately \$15.5 million) (the "J Bridge PECs") (represents the amount after the partial redemption of the J Bridge PECs contemplated in the Purchase Agreement and discussed in Note 10, "Debt"), (b) J preferred equity certificates with a face value of £96,343,515 (approximately \$146.5 million) (the "J PECs"), (c) 3,484,597 J shares of Janus Holdings (the "J Shares"), and (d) 100 A shares of Cabot Holdings.

Through its acquisition of Janus Holdings, the Company's effective equity ownership of Cabot is approximately 42.9%, after reflecting the ownership of the noncontrolling interests. The E Bridge PECs and the J Bridge PECs may be redeemed at any time prior to June 18, 2014. Any E Bridge PECs and J Bridge PECs that remain unredeemed as of June 18, 2014 will be converted into E Shares and E PECs, or J Shares and J PECs, as the case may be, in proportion to the number of E Shares and E PECs, or J Shares and J PECs, as applicable, outstanding on the closing date of the Cabot Acquisition. The E Bridge PECs, E PECs, J Bridge PECs and J PECs accrue interest at 12% per annum.

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The following diagram summarizes Cabot's corporate structure after the Company's completion of the Cabot Acquisition. Encore has no interest in the J.C. Flowers entities or the employee benefit trust and they are not included in the Company's consolidated financial statements.



The Cabot Acquisition was accounted for using the acquisition method of accounting and, accordingly, the tangible and intangible assets acquired and liabilities assumed were recorded at their estimated fair values as of the date of the acquisition. Fair value measurements have been applied based on assumptions that market participants would use in the pricing of the respective assets and liabilities.

The components of the purchase price allocation for the Cabot Acquisition are as follows (*in thousands*):

<b>Purchase price:</b>	
Cash paid at acquisition	\$ 177,246
<b>Allocation of purchase price:</b>	
Cash	\$ 57,520
Investment in receivable portfolios	558,951
Property and equipment	13,672
Other assets	20,349
Preferred equity certificates assumed	(211,549)
Debt assumed	(559,907)
Other liabilities assumed	(45,142)
Redeemable noncontrolling interests	(12,064)
Noncontrolling interests	(4,051)
Identifiable intangible assets	7,559
Goodwill	351,908
<b>Total net assets acquired</b>	<b>\$ 177,246</b>



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The goodwill recognized is primarily attributable to (i) the ability to capitalize on Cabot's existing operating platform to gain immediate access to the debt management business in Europe and (ii) substantial synergies that are expected to be achieved through Cabot's ability to leverage the Company's analytic capacities and efficient operating platform. The entire goodwill of \$351.9 million related to the Cabot Acquisition is not deductible for income tax purposes.

As discussed above, the Company purchased a majority interest in Janus Holdings. The Company has determined that Janus Holdings is a VIE and the Company is the primary beneficiary of the VIE. In accordance with authoritative guidance, the Company consolidates the financial results of Janus Holdings under the VIE consolidation model. The J Bridge PECs, J PECs, and any accrued interest are legal form debt, and are included as debt in the Company's consolidated financial statements. In addition, certain other minority owners hold preferred equity certificates at the Cabot Holdings level. These preferred equity certificates and accrued interests are also included as debt. The Company's preliminary valuation study indicated that the fair value of these preferred equity certificates approximates face value. The J shares represent noncontrolling interest at the Janus Holdings level, and the 100 A shares owned by J.C. Flowers represent noncontrolling interest at the Cabot Holdings level, and have been fair valued at the time of acquisition.

In connection with the Cabot Acquisition, the Company entered into an Investors Agreement with J.C. Flowers. Pursuant to the Investors Agreement, J.C. Flowers has the right, at certain times, to offer to sell its interest in Janus Holdings to the Company. The Company would then have the right, but not the obligation, to acquire J.C. Flowers' interest at the offered price, or allow J.C. Flowers to offer Janus Holdings for sale to others. Since J.C. Flowers could force a sale of Janus Holdings, their noncontrolling interest has been reflected as a redeemable noncontrolling interest in the accompanying consolidated statements of financial condition. The remaining noncontrolling interests represent other minority owners' share of interests in Cabot Holdings.

Total acquisition and integration costs related to the Cabot Acquisition were approximately \$6.7 million for the year ended December 31, 2013, and have been expensed in the accompanying consolidated statements of income within general and administrative expenses.

The amount of revenue and net income included in the Company's consolidated statement of income for the year ended December 31, 2013, directly related to the Cabot Acquisition, excluding the acquisition and integration costs, was \$95.5 million and \$9.0 million, respectively. The revenue and loss for the year ended December 31, 2013 at Janus Holdings was \$95.5 million and \$2.3 million, respectively. This loss is due to the fact that Janus Holdings recognizes all interest expense related to the outstanding preferred equity certificates owed to Encore, J.C. Flowers, and management. The loss attributable to noncontrolling interests included in the Company's consolidated statement of income of \$1.2 million for the year ended December 31, 2013 represents the total loss at Janus Holdings of \$2.8 million multiplied by the noncontrolling ownership interest. The difference of \$11.4 million between what was included in the Company's financial statements and what was reported by Janus Holdings, represents Encore's share of preferred equity certificate interest income recognized at Encore Europe and the loss attributable to noncontrolling interests.

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The following table summarizes the operating performance of Janus Holdings and Encore Europe (*in thousands*):

	Year Ended December 31, 2013		
	Janus Holdings	Encore Europe	Encore Europe Consolidated
Total revenues	\$ 95,491	\$ —	\$ 95,491
Total operating expenses	(48,890)	—	(48,890)
Income from operations	46,601	—	46,601
Interest expense—non-PEC	(26,265)	—	(26,265)
PEC interest (expense) income	(21,616)	10,235	(11,381)
Other income	98	—	98
(Loss) income before income taxes	(1,182)	10,235	9,053
Provision for income taxes	(1,574)	—	(1,574)
Net (loss) income	(2,756)	10,235	7,479
Net loss attributable to noncontrolling interests	392	1,167	1,559
Net (loss) income attributable to Encore	<u>\$ (2,364)</u>	<u>\$ 11,402</u>	<u>\$ 9,038</u>

On February 7, 2014, Cabot, through a wholly-owned subsidiary, acquired all of the equity interest of Marlin Financial Group Limited, (“Marlin”), a leading acquirer of non-performing consumer debt in the United Kingdom, for an aggregate purchase price of approximately £295.0 million (approximately \$481.0 million). The Acquisition was financed with borrowings under Cabot’s existing revolving credit facility and under new senior secured bridge facilities. Refer to Note 18, “Subsequent Events” for additional details related to the acquisition of Marlin and the new senior secured bridge facilities.

### **AACC Merger**

On June 13, 2013, the Company completed its merger with AACC (the “AACC Merger”), a leading provider of debt management and recovery solutions in the United States. The purchase price consisted of \$150.8 million in cash consideration and 1.7 million shares of Encore common stock valued at \$37.30 per share. In addition, the Company paid off approximately \$165.7 million of AACC debt on the closing date of the AACC Merger.

The AACC Merger was accounted for using the acquisition method of accounting and, accordingly, the tangible and intangible assets acquired and liabilities assumed were recorded at their estimated fair values as of the date of the merger. Fair value measurements have been applied based on assumptions that market participants would use in the pricing of the respective assets and liabilities.

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The components of the purchase price allocation for the AACC Merger are as follows (*in thousands*):

<b>Purchase price:</b>	
Cash paid at acquisition	\$ 316,485
Stock consideration	62,352
Total purchase price	<u>\$ 378,837</u>
<b>Allocation of purchase price:</b>	
Cash	\$ 23,156
Investment in receivable portfolios	383,382
Deferred court costs	6,940
Property and equipment	11,003
Other assets	16,004
Liabilities assumed	(126,059)
Identifiable intangible assets	1,470
Goodwill	62,941
Total net assets acquired	<u>\$ 378,837</u>

The entire goodwill of \$62.9 million related to AACC was assigned to the Company's portfolio purchasing reporting unit and is not deductible for income tax purposes. The goodwill recognized is primarily attributable to expected synergies when combining AACC with the Company.

Total acquisition and integration costs related to the AACC Merger were approximately \$9.1 million for the year ended December 31, 2013, and were expensed in the accompanying consolidated statements of income within general and administrative expenses. The amount of revenue and net income included in the Company's consolidated statement of income for the year ended December 31, 2013 related to AACC was \$102.1 million and \$14.6 million, respectively.

The following summary presents unaudited pro forma consolidated results of operations for the year ended December 31, 2013 and 2012 as if the Cabot Acquisition and AACC Merger had occurred on January 1, 2012. The following unaudited pro forma financial information does not necessarily reflect the actual results that would have occurred had Encore, Cabot, and AACC been combined during the periods presented, nor is it necessarily indicative of the future results of operations of the combined companies (*in thousands*):

	(Unaudited)	
	Year Ended December 31,	
	2013	2012
Consolidated pro forma revenue	\$949,337	\$929,579
Consolidated pro forma income from continuing operations	92,378	101,762

In addition to the Cabot Acquisition and AACC Merger, the Company completed certain other acquisitions including the acquisition of Refinancia in December 2013. These acquisitions were immaterial to the Company's financial statements individually and in the aggregate, and resulted in the recording of approximately \$13.5 million of initial goodwill through preliminary purchase price allocations.

### **Acquisition in Prior Year**

On May 8, 2012, the Company acquired all of the outstanding equity interests of Propel for \$186.8 million in cash. The Company recorded approximately \$45.4 million of goodwill, \$0.6 million of intangible assets and assumed \$2.3 million of net liabilities.

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### Note 4: Fair Value Measurements

The authoritative guidance for fair value measurements defines fair value as the price that would be received upon sale of an asset or the price paid to transfer a liability, in an orderly transaction between market participants at the measurement date (*i.e.*, the “exit price”). The guidance utilizes a fair value hierarchy that prioritizes the inputs used in valuation techniques to measure fair value into three broad levels. The following is a brief description of each level:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs, including inputs that reflect the reporting entity’s own assumptions.

### Financial Instruments Required To Be Carried At Fair Value

Financial assets and liabilities measured at fair value on a recurring basis are summarized below (*in thousands*):

	Fair Value Measurements as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Foreign currency exchange contracts	\$ —	\$ 46	\$ —	\$ 46
Interest rate cap contracts	—	202	—	202
<b>Liabilities</b>				
Foreign currency exchange contracts	\$ —	\$(4,123)	—	\$ (4,123)
<b>Temporary Equity</b>				
Redeemable noncontrolling interests	\$ —	\$ —	\$(26,564)	\$(26,564)

	Fair Value Measurements as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Interest rate swap agreements	\$ —	\$ (645)	\$ —	\$ (645)
Foreign currency exchange contracts	—	(2,010)	—	(2,010)

### Derivative Contracts:

The Company uses derivative instruments to minimize its exposure to fluctuations in interest rates and foreign currency exchange rates. The Company’s derivative instruments primarily include interest rate swap agreements, interest rate cap contracts, and foreign currency exchange contracts. Fair values of these derivative instruments are estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves, foreign currency exchange rates, and forward and spot prices for currencies.

### Redeemable Noncontrolling Interests:

As discussed in Note 3, “Business Combinations,” some minority shareholders in certain subsidiaries of the Company, have the right, at certain times, to require the Company to acquire their ownership interest in those entities at fair value, while others have the right to force a sale of the subsidiary if the Company chooses not to purchase their interests at fair value. The noncontrolling interests subject to these arrangements are included in

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temporary equity as redeemable noncontrolling interests, and are adjusted to their estimated redemption amounts each reporting period with a corresponding adjustment to additional paid-in capital. Future reductions in the carrying amounts are subject to a “floor” amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments will not affect the calculation of earnings per share. The components of the change in the redeemable noncontrolling interests for the periods ended December 31, 2013 are presented in the following table:

	<u>Amount</u>
Balance at December 31, 2012	\$ —
Initial redeemable noncontrolling interest related to business combinations	25,517
Net loss attributable to redeemable noncontrolling interests	(1,167)
Adjustment of the redeemable noncontrolling interests to fair value	1,167
Effect of foreign currency translation attributable to redeemable noncontrolling interests	1,047
Balance at December 31, 2013	<u>\$26,564</u>

### ***Financial instruments not required to be carried at fair value***

#### ***Investment in Receivable Portfolios:***

The Company records its investment in receivable portfolios at cost, which represents a significant discount from the contractual receivable balances due. The Company computes the fair value of its investment in receivable portfolios by discounting the estimated future cash flows generated by its proprietary forecasting models, using an estimated market participant cost to collect of approximately 50.3% and a discount rate of approximately 12.0% for United States portfolios and an estimated market participant cost to collect of approximately 29.7% and a discount rate of approximately 18.2% for United Kingdom portfolios. Using this method, the fair value of investment in receivable portfolios approximates book value as of December 31, 2013 and 2012. A 100 basis point fluctuation in the cost to collect and discount rate used would result in an increase or decrease in the fair value by approximately \$19.5 million and \$18.1 million, respectively, as of December 31, 2013. This fair value calculation does not represent, and should not be construed to represent, the underlying value of the Company or the amount which could be realized if its investment in receivable portfolios were sold. The carrying value of the investment in receivable portfolios was \$1.6 billion and \$873.1 million as of December 31, 2013 and 2012, respectively.

#### ***Deferred Court Costs:***

The Company capitalizes deferred court costs and provides a reserve for those costs that it believes will ultimately be uncollectible. The carrying value of net deferred court costs approximates fair value.

#### ***Receivables Secured By Property Tax Liens:***

The fair value of receivables secured by property tax liens is estimated by discounting the future cash flows of the portfolio using a discount rate equivalent to the current rate at which similar portfolios would be originated. For certain tax liens purchased directly from taxing authorities in various other states, the fair value is estimated by discounting the expected future cash flows of the portfolio using a discount rate equivalent to the interest rate expected when acquiring these tax liens. The carrying value of receivables secured by property tax liens approximates fair value. Additionally, the carrying value of the related interest receivable also approximates fair value.

#### ***Debt:***

Encore’s senior secured notes and borrowings under its revolving credit and term loan facilities are carried at historical amounts, adjusted for additional borrowings less principal repayments, which approximate fair value.

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Encore's convertible senior notes are carried at historical cost, adjusted for the debt discount. The carrying value of the convertible senior notes was \$287.5 million, net of debt discount of \$42.2 million, and \$115.0 million, net of debt discount of \$14.4 million as of December 31, 2013 and 2012, respectively. The fair value estimate for these convertible senior notes incorporates quoted market prices, which was approximately \$412.4 million and \$128.3 million as of December 31, 2013 and 2012, respectively.

Cabot's senior secured notes due 2019 are carried at the fair value determined at the time of the Cabot Acquisition. Cabot's senior secured notes due 2020 are carried at historical cost. The carrying value of the senior secured notes, including a debt premium of \$43.6 million, was \$646.9 million as of December 31, 2013. The fair value estimate for these convertible senior notes incorporates quoted market prices, which was approximately \$680.7 million as of December 31, 2013.

The Company's preferred equity certificates are legal obligations to the noncontrolling shareholders at its Janus Holdings and Cabot Holdings subsidiaries. They are carried at the face amount, plus any accrued interest. The Company determined, at the time of the Cabot Acquisition and at December 31, 2013, that the carrying value of these preferred equity certificates approximates fair value.

### **Note 5: Derivatives and Hedging Instruments**

The Company may periodically enter into derivative financial instruments to manage risks related to interest rates and foreign currency. Most of the Company's derivative financial instruments qualify for hedge accounting treatment under the authoritative guidance for derivatives and hedging. The Company's Cabot subsidiary also holds interest rate cap contracts with an aggregated notional amount of approximately \$206.6 million that are used to manage its risk related to interest rate fluctuations. The Company does not apply hedge accounting on the interest rate cap contracts. The impact of the interest rate cap contracts to the Company's consolidated financial statements for the year ended December 31, 2013, was immaterial.

#### ***Interest Rate Swaps***

As of December 31, 2013, the Company had no outstanding interest rate swap agreements. During the years ended December 31, 2013, 2012 and 2011, the Company utilized interest rate swap contracts to manage risks related to interest rate fluctuation. These derivatives were designated as cash flow hedges in accordance with authoritative accounting guidance. The hedging instruments had been highly effective since the inception of the hedge program, no gains or losses were reclassified from other comprehensive income "OCI" into earnings as a result of hedge ineffectiveness.

#### ***Foreign Currency Exchange Contracts***

The Company has operations in India, which exposes the Company to foreign currency exchange rate fluctuations due to transactions denominated in Indian rupees, such as employee salaries and rent expenditures. To mitigate this risk, the Company enters into derivative financial instruments, principally forward contracts, which are designated as cash flow hedges, to mitigate fluctuations in the cash payments of future forecasted transactions in Indian rupees for up to 36 months. The Company adjusts the level and use of derivatives as soon as practicable after learning that an exposure has changed and reviews all exposures and derivative positions on an ongoing basis.

Gains and losses on cash flow hedges are recorded in OCI until the hedged transaction is recorded in the consolidated financial statements. Once the underlying transaction is recorded in the consolidated financial statements, the Company reclassifies the OCI on the derivative into earnings. If all or a portion of the forecasted transaction is cancelled, this would render all or a portion of the cash flow hedge ineffective and the Company would reclassify the ineffective portion of the hedge into earnings. The Company generally does not experience ineffectiveness of the hedge relationship and the accompanying consolidated financial statements do not include any such gains or losses.

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As of December 31, 2013, the total notional amount of the forward contracts to buy Indian rupees in exchange for United States dollars was \$48.0 million. As of December 31, 2013, all outstanding contracts qualified for hedge accounting treatment. The Company estimates that approximately \$2.0 million of net derivative loss included in OCI will be reclassified into earnings within the next 12 months. No gains or losses were reclassified from OCI into earnings as a result of forecasted transactions that failed to occur during the years ended December 31, 2013, 2012 and 2011.

The Company may periodically enter into other foreign currency exchange contracts to mitigate its risk that cash flows and earnings will be adversely affected by foreign currency exchange rate fluctuations. In anticipation of the Cabot Acquisition, on June 7, 2013, the Company entered into a European style zero-cost collar foreign exchange contract with a notional amount of £132.1 million (approximately \$206.0 million), which was equal to the anticipated purchase price for the Cabot Acquisition. The collar was set to expire on August 13, 2013, which was the anticipated date of closing of the Cabot Acquisition. The collar was used to offset the risk of changes in the foreign exchange rate relating to the purchase price for the Company's interest in Janus Holdings. The Company did not apply hedge accounting on this foreign exchange contract. Due to the early closing of the Cabot Acquisition, the foreign exchange contract was terminated on June 28, 2013 at a loss of \$3.6 million, which was recorded as other expenses in the Company's consolidated statements of income in the second quarter of 2013 and is included in the year ended December 31, 2013. Economically, this foreign exchange loss was offset by a decrease in the estimated purchase price for Cabot of approximately \$4.3 million.

The Company does not enter into derivative instruments for trading or speculative purposes.

The following table summarizes the fair value of derivative instruments as recorded in the Company's consolidated statements of financial condition (*in thousands*):

	December 31, 2013		December 31, 2012	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
<b>Derivatives designated as hedging instruments:</b>				
Foreign currency exchange contracts	Other liabilities	\$ (4,123)	Other liabilities	\$ (2,010)
Foreign currency exchange contracts	Other assets	46	—	—
Interest rate swaps	—	—	Other liabilities	(645)
<b>Derivatives not designated as hedging instruments:</b>				
Interest rate cap	Other assets	202	—	—

The following table summarizes the effects of derivatives in cash flow hedging relationships on the Company's statements of income for the years ended December 31, 2013 and 2012 (*in thousands*):

	Gain or (Loss) Recognized in OCI - Effective Portion		Location of Gain or (Loss) Reclassified from OCI into Income - Effective Portion	Gain or (Loss) Reclassified from OCI into Income - Effective Portion		Location of Gain or (Loss) Recognized - Ineffective Portion and Amount Excluded from Effectiveness Testing	Amount of Gain or (Loss) Recognized - Ineffective Portion and Amount Excluded from Effectiveness Testing	
	2013	2012		2013	2012		2013	2012
Interest rate swaps	\$ 645	\$ 369	Interest expense	\$ —	\$ —	Other (expense) income	\$—	\$—
Foreign currency exchange contracts	(3,031)	(1,224)	Salaries and employee benefits	(1,362)	(1,230)	Other (expense) income	—	—
Foreign currency exchange contracts	(658)	(25)	General and administrative expenses	(260)	(212)	Other (expense) income	—	—

**Note 6: Investment in Receivable Portfolios, Net**

In accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality, discrete receivable portfolio purchases during a quarter are aggregated into pools based on common risk characteristics. Once a static pool is established, the portfolios are permanently assigned to the pool. The discount (*i.e.*, the difference between the cost of each static pool and the related aggregate contractual receivable balance) is not recorded because the Company expects to collect a relatively small percentage of each static pool's contractual receivable balance. As a result, receivable portfolios are recorded at cost at the time of acquisition. The purchase cost of the portfolios includes certain fees paid to third parties incurred in connection with the direct acquisition of the receivable portfolios.

In compliance with the authoritative guidance, the Company accounts for its investments in receivable portfolios using either the interest method or the cost recovery method. The interest method applies an internal rate of return ("IRR") to the cost basis of the pool, which remains unchanged throughout the life of the pool, unless there is an increase in subsequent expected cash flows. Subsequent increases in expected cash flows are generally recognized prospectively through an upward adjustment of the pool's IRR over its remaining life. Subsequent decreases in expected cash flows do not change the IRR, but are recognized as an allowance to the cost basis of the pool, and are reflected in the consolidated statements of comprehensive income as a reduction in revenue, with a corresponding valuation allowance, offsetting the investment in receivable portfolios in the consolidated statements of financial condition.

The Company utilizes its proprietary forecasting models to continuously evaluate the economic life of each pool. The collection forecast of each pool is generally estimated to be between 84 to 96 months based on the expected collection period of each pool (up to 120 months for Cabot's semi-performing pools). The Company often experiences collections beyond the 84 to 96 month collection forecast. As of December 31, 2013, the total estimated remaining collections beyond the 84 to 96 month collection forecast, which are not included in the calculation of the Company's IRRs, were \$129.8 million. The collection forecast estimates for Cabot include a 120 month collection period which is included in its estimated remaining collections and is used for calculating its IRRs.

The Company accounts for each static pool as a unit for the economic life of the pool (similar to one loan) for recognition of revenue from receivable portfolios, for collections applied to the cost basis of receivable portfolios, and for provision for loss or allowance. Revenue from receivable portfolios is accrued based on each pool's IRR applied to each pool's adjusted cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances.

If the amount and timing of future cash collections on a pool of receivables are not reasonably estimable, the Company accounts for such portfolios on the cost recovery method as Cost Recovery Portfolios. The accounts in these portfolios have different risk characteristics than those included in other portfolios acquired during the same quarter, or the necessary information was not available to estimate future cash flows and, accordingly, they were not aggregated with other portfolios. Under the cost recovery method of accounting, no revenue is recognized until the purchase price of a Cost Recovery Portfolio has been fully recovered.

Accretable yield represents the amount of revenue the Company expects to generate over the remaining life of its existing investment in receivable portfolios based on estimated future cash flows. Total accretable yield is the difference between future estimated collections and the current carrying value of a portfolio. All estimated cash flows on portfolios where the cost basis has been fully recovered are classified as zero basis cash flows.



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The following table summarizes the Company's accretable yield and an estimate of zero basis future cash flows at the beginning and end of the period presented (*in thousands*):

	<u>Accretable Yield</u>	<u>Estimate of Zero Basis Cash Flows</u>	<u>Total</u>
Balance at December 31, 2011	\$ 821,527	\$ 32,676	\$ 854,203
Revenue recognized, net	(519,136)	(26,276)	(545,412)
Net additions on existing portfolios <sup>(1)</sup>	229,207	10,966	240,173
Additions for current purchases <sup>(1)</sup>	453,346	—	453,346
Balance at December 31, 2012	<u>\$ 984,944</u>	<u>\$ 17,366</u>	<u>\$1,002,310</u>
Revenue recognized, net	(717,733)	(27,119)	(744,852)
Net additions on existing portfolios <sup>(1)</sup>	357,189	18,218	375,407
Additions for current purchases <sup>(1)(2)</sup>	1,767,071	—	1,767,071
Balance at December 31, 2013	<u>\$2,391,471</u>	<u>\$ 8,465</u>	<u>\$2,399,936</u>

<sup>(1)</sup> Estimated remaining collections and accretable yield include anticipated collections beyond the 84 to 96 month collection forecast for United States portfolios.

<sup>(2)</sup> Includes \$383.4 million of portfolios acquired in connection with the AACC Merger and \$559.0 million of portfolios acquired in connection with the Cabot Acquisition discussed in Note 3, "Business Combinations."

During the year ended December 31, 2013, the Company purchased receivable portfolios with a face value of \$84.9 billion for \$1.2 billion, or a purchase cost of 1.4% of face value. Purchases of charged-off credit card, telecom and consumer bankruptcy portfolios include \$559.0 million of portfolios acquired in conjunction with the Cabot Acquisition and \$383.4 million acquired in conjunction with the AACC Merger. The lower purchase rate for the year ended December 31, 2013 is due to the portfolio acquired in conjunction with the AACC Merger, which included all portfolios owned, including accounts that have no value and which the Company has no intention to collect. No-value accounts would typically not be included in a portfolio purchase transaction, as the sellers would remove them from the sale file. The estimated future collections at acquisition for all portfolios purchased during the year amounted to \$1.3 billion.

During the year ended December 31, 2012, the Company purchased receivable portfolios with a face value of \$11.4 billion for \$478.8 million, or a purchase cost of 4.2% of face value. The estimated future collections at acquisition for all portfolios amounted to \$842.8 million.

All collections realized after the net book value of a portfolio has been fully recovered ("Zero Basis Portfolios") are recorded as revenue ("Zero Basis Revenue"). During the years ended December 31, 2013, 2012, and 2011, Zero Basis Revenue was approximately \$17.2 million, \$22.6 million, and \$20.6 million, respectively.

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The following tables summarize the changes in the balance of the investment in receivable portfolios during the following periods (*in thousands, except percentages*):

	Year Ended December 31, 2013			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	\$ 873,119	\$ —	\$ —	\$ 873,119
Purchases of receivable portfolios <sup>(1)</sup>	1,203,706	1,073	—	1,204,779
Transfer of portfolios	(6,649)	6,649	—	—
Gross collections <sup>(2)</sup>	(1,249,625)	(2,764)	(27,117)	(1,279,506)
Put-backs and recalls	(2,331)	(296)	(2)	(2,629)
Foreign currency adjustments	49,634	—	—	49,634
Revenue recognized	715,458	—	17,201	732,659
Portfolio allowance reversals, net	2,275	—	9,918	12,193
Balance, end of period	<u>\$ 1,585,587</u>	<u>\$ 4,662</u>	<u>\$ —</u>	<u>\$ 1,590,249</u>
Revenue as a percentage of collections <sup>(3)</sup>	<u>57.3%</u>	<u>0.0%</u>	<u>63.4%</u>	<u>57.3%</u>

	Year Ended December 31, 2012			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	\$ 716,454	\$ —	\$ —	\$ 716,454
Purchases of receivable portfolios <sup>(1)</sup>	562,335	—	—	562,335
Gross collections <sup>(2)</sup>	(921,730)	—	(26,276)	(948,006)
Put-backs and recalls	(3,076)	—	—	(3,076)
Revenue recognized	518,617	—	22,574	541,191
Portfolio allowance reversals, net	519	—	3,702	4,221
Balance, end of period	<u>\$ 873,119</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 873,119</u>
Revenue as a percentage of collections <sup>(3)</sup>	<u>56.3%</u>	<u>0.0%</u>	<u>85.9%</u>	<u>57.1%</u>

	Year Ended December 31, 2011			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	\$ 644,753	\$ —	\$ —	\$ 644,753
Purchases of receivable portfolios <sup>(1)</sup>	386,850	—	—	386,850
Gross collections <sup>(2)</sup>	(740,402)	—	(20,609)	(761,011)
Put-backs and recalls	(2,843)	—	(9)	(2,852)
Revenue recognized	443,367	—	16,170	459,537
(Portfolio allowances) portfolio allowance reversals, net	(15,271)	—	4,448	(10,823)
Balance, end of period	<u>\$ 716,454</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 716,454</u>
Revenue as a percentage of collections <sup>(3)</sup>	<u>59.9%</u>	<u>0.0%</u>	<u>78.5%</u>	<u>60.4%</u>

(1) Purchases of portfolio receivables include \$383.4 million acquired in connection with the AACC Merger in June 2013 and \$559.0 million acquired in connection with the Cabot Acquisition in July 2013 discussed in Note 3, "Business Combinations."

(2) Does not include amounts collected on behalf of others.

(3) Revenue as a percentage of collections excludes the effects of net portfolio allowances or net portfolio allowance reversals.

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The following table summarizes the change in the valuation allowance for investment in receivable portfolios during the periods presented (*in thousands*):

	<b>Valuation Allowance</b>
Balance at December 31, 2010	<u>\$ 98,671</u>
Provision for portfolio allowances	17,707
Reversal of prior allowances	<u>(6,884)</u>
Balance at December 31, 2011	<u>\$ 109,494</u>
Provision for portfolio allowances	6,745
Reversal of prior allowances	<u>(10,966)</u>
Balance at December 31, 2012	<u>\$ 105,273</u>
Provision for portfolio allowances	479
Reversal of prior allowances	<u>(12,672)</u>
Balance at December 31, 2013	<u>\$ 93,080</u>

### Note 7: Deferred Court Costs, Net

Within the United States, the Company contracts with a nationwide network of attorneys that specialize in collection matters. The Company generally refers charged-off accounts to its contracted attorneys when it believes the related consumer has sufficient assets to repay the indebtedness and has, to date, been unwilling to pay. In connection with the Company's agreement with the contracted attorneys, it advances certain out-of-pocket court costs ("Deferred Court Costs"). The Company capitalizes Deferred Court Costs in its consolidated financial statements and provides a reserve for those costs that it believes will ultimately be uncollectible. The Company determines the reserve based on its analysis of court costs that have been advanced and those that have been recovered. Historically, the Company wrote off Deferred Court Costs not recovered within three years of placement. However, as a result of a history of court cost recoveries beyond three years, the Company has determined that court costs are recovered over a longer period of time. As a result, in January 2013, on a prospective basis, the Company began increasing its deferral period from three years to five years. Collections received from debtors are first applied against related court costs with the balance applied to the debtors' account balance.

Deferred Court Costs consist of the following as of the dates presented (*in thousands*):

	<b>December 31, 2013</b>	<b>December 31, 2012</b>
Court costs advanced	<u>\$ 399,274</u>	<u>\$ 279,314</u>
Court costs recovered	(147,166)	(94,827)
Court costs reserve	<u>(210,889)</u>	<u>(149,080)</u>
	<u>\$ 41,219</u>	<u>\$ 35,407</u>

A roll forward of the Company's court cost reserve is as follows (*in thousands*):

	<b>December 31, 2013</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Balance at beginning of period	<u>\$ (149,080)</u>	<u>\$ (130,454)</u>	<u>\$ (113,239)</u>
Provision for court costs	(61,809)	(53,946)	(54,939)
Write-off of reserve after the 36th month	—	35,320	37,724
Balance at end of period	<u>\$ (210,889)</u>	<u>\$ (149,080)</u>	<u>\$ (130,454)</u>

[Table of Contents](#)**Note 8: Property and Equipment, Net**

Property and equipment consist of the following, as of the dates presented (*in thousands*):

	December 31, 2013	December 31, 2012
Furniture, fixtures and equipment	\$ 15,955	\$ 7,605
Computer equipment and software	79,765	33,189
Telecommunications equipment	3,589	6,033
Leasehold improvements	15,145	6,692
Other	1,086	—
	115,540	53,519
Less: accumulated depreciation and amortization	(59,757)	(30,296)
	<u>\$ 55,783</u>	<u>\$ 23,223</u>

Depreciation and amortization expense for continuing operations was \$12.7 million, \$5.8 million, and \$4.1 million for the years ended December 31, 2013, 2012, and 2011, respectively.

**Note 9: Other Assets**

Other assets consist of the following (*in thousands*):

	December 31, 2013	December 31, 2012
Service fee receivables	\$ 29,931	\$ —
Debt issuance costs, net of amortization	28,066	14,397
Identifiable intangible assets, net	23,549	487
Prepaid expenses	23,487	6,399
Deferred tax assets	13,974	—
Other financial receivables	7,962	—
Interest receivable	7,956	4,042
Prepaid income taxes	5,009	—
Recoverable legal fees	3,049	1,521
Security deposits	2,500	1,696
Other	9,300	2,993
	<u>\$ 154,783</u>	<u>\$ 31,535</u>

**Note 10: Debt**

The Company is obligated under borrowings as follows (*in thousands*):

	December 31, 2013	December 31, 2012
Encore revolving credit facility	\$ 356,000	\$ 258,000
Encore term loan facility	140,625	148,125
Encore senior secured notes	58,750	72,500
Encore convertible notes	287,500	115,000
Less: Debt discount	(42,240)	(14,442)
Propel facility	152,292	117,601
Propel Wells Fargo facility	18,338	—
Cabot senior secured notes	603,272	—
Add: Debt premium	43,583	—
Preferred equity certificates	199,821	—
Capital lease obligations	12,219	9,252
Other	20,271	—
	<u>\$1,850,431</u>	<u>\$ 706,036</u>

**Encore Revolving Credit Facility and Term Loan Facility**

On February 25, 2014, Encore amended its revolving credit facility and term loan facility (the “Credit Facility”) pursuant to a Second Amended and Restated Credit Agreement, (the “Restated Credit Agreement”). The Restated Credit Agreement includes a revolving credit facility tranche of \$692.6 million, a term loan facility tranche of \$153.8 million, and an accordion feature that would allow the Company to increase the revolving credit facility by an additional \$250.0 million. Including the accordion feature, the maximum amount that can be borrowed under the restated Credit Facility is \$1.1 billion. The Restated Credit Agreement has a five-year maturity, expiring in February 2019, except with respect to two subtranches of the term loan facility of \$60.0 million and \$6.3 million, expiring in February 2017 and November 2017, respectively.

The Restated Credit Agreement includes a basket to allow for investments in unrestricted subsidiaries of \$200.0 million and a subordinated or unsecured debt basket of \$450.0 million, among other provisions.

Provisions of the Restated Credit Agreement include, but are not limited to:

- A revolving loan of \$692.6 million, interest at a floating rate equal to, at the Company’s option, either: (1) reserve adjusted London Interbank Offered Rate (“LIBOR”), plus a spread that ranges from, depending on the Company’s cash flow leverage ratio, 250 to 300 basis points; or (2) Alternate Base Rate, plus a spread that ranges from, depending on the Company’s cash flow leverage ratio, 150 to 200 basis points. “Alternate Base Rate,” as defined in the agreement, means the highest of (i) the per annum rate which the administrative agent publicly announces from time to time as its prime lending rate, as in effect from time to time, (ii) the federal funds effective rate from time to time, plus 0.5% per annum and (iii) reserved adjusted LIBOR determined on a daily basis for a one month interest period, plus 1.0% per annum;
- An \$87.5 million five-year term loan, interest at a floating rate equal to, at the Company’s option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 250 to 300 basis points, depending on the Company’s cash flow leverage ratio; or (2) Alternate Base Rate, plus a spread that ranges from 150 to 200 basis points, depending on the Company’s cash flow leverage ratio. Principal amortizes \$4.4 million in 2014, \$4.4 million in 2015, \$6.6 million in 2016, \$8.8 million in 2017, and \$8.8 million in 2018 with the remaining principal due at the end of the term;
- A \$60.0 million term loan maturing on February 25, 2017, interest at a floating rate equal to, at the Company’s option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 200 to 250 basis points, depending on the Company’s cash flow leverage ratio; or (2) Alternate Base Rate, plus a spread that ranges from 100 to 150 basis points, depending on the Company’s cash flow leverage ratio. Principal amortizes \$3.0 million in 2014, \$3.0 million in 2015, and \$4.5 million in 2016 with the remaining principal due at the end of the term;
- A \$6.3 million term loan maturing on November 3, 2017, interest at a floating rate equal to, at the Company’s option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 250 to 300 basis points, depending on the Company’s cash flow leverage ratio; or (2) Alternate Base Rate, plus a spread that ranges from 150 to 200 basis points, depending on the Company’s cash flow leverage ratio. Principal amortizes \$0.4 million in 2014, \$0.5 million in 2015, \$0.6 million in 2016 and \$0.5 million in 2017 with the remaining principal due at the end of the term;
- A borrowing base equal to (1) the lesser of (i) (a) 55% of eligible estimated remaining collections for consumer receivables subject to bankruptcy proceedings, provided that the amount described in this clause (i)(a) may not exceed 35% of the amount described in clauses (i)(a) and (i)(b), plus (b) 30%—35% (depending on the Company’s trailing 12-month cost per dollar collected) of all other eligible estimated remaining collections, initially set at 33%, and (ii) the product of the net book value of all receivable portfolios acquired on or after January 1, 2005 multiplied by 95%, minus (2) (x) the aggregate principal amount outstanding of the Senior Secured Notes (as defined below) plus (y) the aggregate principal amount outstanding under the term loans;

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- The allowance of additional unsecured or subordinated indebtedness not to exceed \$450.0 million;
- Restrictions and covenants, which limit the payment of dividends and the incurrence of additional indebtedness and liens, among other limitations;
- Repurchases of up to \$50.0 million of Encore's common stock after February 25, 2014, subject to compliance with certain covenants and available borrowing capacity;
- A change of control definition, which excludes acquisitions of stock by Red Mountain Capital Partners LLC, JCF FPK LLP and their respective affiliates of up to 50% of the outstanding shares of Encore's voting stock;
- Events of default which, upon occurrence, may permit the lenders to terminate the facility and declare all amounts outstanding to be immediately due and payable;
- An acquisition limit of \$75.0 million per acquisition and \$225.0 million in the aggregate for acquisitions after February 25, 2014;
- An annual foreign portfolio investment basket of \$150.0 million; and
- Collateralization by all assets of the Company, other than the assets of the Propel entities or any foreign or unrestricted subsidiaries.

At December 31, 2013, the outstanding balance under the Restated Credit Agreement was \$496.6 million, which bore a weighted average interest rate of 3.11% and 4.06% for the year ended December 31, 2013 and 2012, respectively.

### **Encore Senior Secured Notes**

In 2010 and 2011 Encore entered into an aggregate of \$75.0 million in senior secured notes with certain affiliates of Prudential Capital Group (the "Senior Secured Notes"). \$25.0 million of the Senior Secured Notes bear an annual interest rate of 7.375%, mature in 2018 and require quarterly principal amortization payments of \$1.25 million. Prior to May 2013, these notes required quarterly payments of interest only. The remaining \$50.0 million of Senior Secured Notes bear an annual interest rate of 7.75%, mature in 2017 and require quarterly principal amortization payments of \$2.5 million. Prior to December 2012 these notes required quarterly interest payments only. As of December 31, 2013, \$58.8 million is outstanding under these obligations.

The Senior Secured Notes are guaranteed in full by certain of Encore's subsidiaries. Similar to, and *pari passu* with, Encore's credit facility, the Senior Secured Notes are also collateralized by all assets of the Company other than the assets of the Propel entities and any foreign and unrestricted subsidiaries including Janus Holdings. The Senior Secured Notes may be accelerated and become automatically and immediately due and payable upon certain events of default, including certain events related to insolvency, bankruptcy, or liquidation. Additionally, the Senior Secured Notes may be accelerated at the election of the holder or holders of a majority in principal amount of the Senior Secured Notes upon certain events of default by Encore, including the breach of affirmative covenants regarding guarantors, collateral, most favored lender treatment, minimum revolving credit facility commitment or the breach of any negative covenant. If Encore prepays the Senior Secured Notes at any time for any reason, payment will be at the higher of par or the present value of the remaining scheduled payments of principal and interest on the portion being prepaid. The discount rate used to determine the present value is 50 basis points over the then current Treasury Rate corresponding to the remaining average life of the senior secured notes. The covenants are substantially similar to those in the Restated Credit Agreement. Prudential Capital Group and the administrative agent for the lenders of the Restated Credit Agreement have an intercreditor agreement related to their pro rata rights to the collateral, actionable default, powers and duties and remedies, among other topics. The terms of the Senior Secured Notes were amended and restated on May 9, 2013 in connection with the Restated Credit Agreement in order to properly align certain provisions between the two agreements.

**Encore Convertible Senior Notes**

**2017 Convertible Senior Notes**

On November 27, 2012, Encore sold \$100.0 million in aggregate principal amount of 3.0% convertible senior notes due November 27, 2017 in a private placement transaction. On December 6, 2012, the initial purchasers exercised, in full, their option to purchase an additional \$15.0 million of the convertible senior notes, which resulted in an aggregate principal amount of \$115.0 million of the convertible senior notes outstanding (collectively, the “2017 Convertible Notes”). Interest on the 2017 Convertible Notes is payable semi-annually, in arrears, on May 27 and November 27 of each year, beginning on May 27, 2013. The 2017 Convertible Notes are the Company’s general unsecured obligations. The 2017 Convertible Notes will be convertible into cash up to the aggregate principal amount of the 2017 Convertible Notes to be converted and the Company will pay or deliver, as the case may be, cash, shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the Company’s election, in respect of the remainder, if any, of the Company’s conversion obligation in excess of the aggregate principal amount of the 2017 Convertible Notes being converted. The 2017 Convertible Notes will be convertible at an initial conversion rate of 31.6832 shares of the Company’s common stock per \$1,000 principal amount of 2017 Convertible Notes, subject to adjustment upon certain events, which is equivalent to an initial conversion price of approximately \$31.56 per share of the Company’s common stock. As of December 31, 2013, none of the conditions allowing holders of the 2017 Convertible Notes to convert their notes had occurred. However, starting on January 2, 2014, the 2017 Convertible Notes became convertible.

Authoritative guidance related to debt with conversion and other options requires that issuers of convertible debt instruments that, upon conversion, may be settled fully or partially in cash, must separately account for the liability and equity components in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Additionally, debt issuance costs are required to be allocated in proportion to the allocation of the liability and equity components and accounted for as debt issuance costs and equity issuance costs, respectively.

The Company determined that the fair value of the 2017 Convertible Notes was approximately \$100.3 million, and designated the residual value of approximately \$14.7 million as the equity component. Additionally, the Company allocated approximately \$3.3 million of the \$3.8 million original Convertible Notes issuance cost as debt issuance cost and the remaining \$0.5 million as equity issuance cost.

In accordance with authoritative guidance related to derivatives and hedging and earnings per share calculation, only the conversion spread of the 2017 Convertible Notes is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company’s common stock during any quarter exceeds \$31.56. The average share price of the Company’s common stock for the year ended December 31, 2013 exceeded \$31.56. The dilutive effect from the 2017 Convertible Notes was approximately 0.6 million shares for the year ended December 31, 2013. See Note 1, “Ownership, Description of Business and Summary of Significant Accounting Policies—Earnings Per Share” for additional information.

Concurrent with the pricing of the 2017 Convertible Notes, the Company entered into privately negotiated convertible note hedge transactions (together, the “Convertible Note Hedge Transactions”) with certain counterparties. The Convertible Note Hedge Transactions collectively cover, subject to customary anti-dilution adjustments, the number of shares of the Company’s common stock underlying the 2017 Convertible Notes, as described below. Concurrently with entering into the Convertible Note Hedge Transactions, the Company also entered into separate, privately negotiated warrant transactions (together, the “Warrant Transactions”) with the same counterparties, whereby the Company sold to the counterparties warrants to purchase, collectively, subject to customary anti-dilution adjustments, up to the same number of shares of the Company’s common stock as in the Convertible Note Hedge Transactions. Subject to certain conditions, the Company may settle the warrants in cash or on a net-share basis.

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The Convertible Note Hedge Transactions are expected generally to reduce the potential dilution and/or offset the potential cash payments the Company is required to make in excess of the principal amount upon conversion of the 2017 Convertible Notes in the event that the market price per share of the Company's common stock, is greater than the strike price of the Convertible Note Hedge Transactions, which initially corresponds to the conversion price of the 2017 Convertible Notes and is subject to anti-dilution adjustments. If, however, the market price per share of the Company's common stock, as measured under the terms of the Warrant Transactions, exceeds the strike price of the warrants, there would nevertheless be dilution to the extent that such market price exceeds the strike price of the warrants, unless the Company elects, subject to certain conditions, to settle the Warrant Transactions in cash. The strike price of the Warrant Transactions was initially \$44.19 per share of the Company's common stock and was subject to certain adjustments under the terms of the Warrant Transactions. Taken together, the Convertible Note Hedge Transactions and the Warrant Transactions had the effect of increasing the effective conversion price of the 2017 Convertible Notes to \$44.19 per share. The average share price of the Company's common stock for the year ended December 31, 2013 did not exceed \$44.19.

The Convertible Note Hedge Transactions and the Warrant Transactions are separate transactions, in each case, entered into by the Company with certain counterparties, and are not part of the terms of the 2017 Convertible Notes and will not affect any holder's rights under the 2017 Convertible Notes. Holders of the 2017 Convertible Notes will not have any rights with respect to the Convertible Note Hedge Transactions or the Warrant Transactions. In accordance with authoritative guidance, the Company recorded the net cost of the Convertible Note Hedge Transactions and the Warrant Transactions as a reduction in additional paid in capital, and will not recognize subsequent changes in fair value of these financial instruments in its consolidated financial statements.

On December 16, 2013, the Company entered into amendments to the warrants to increase the strike price from \$44.19 to \$60.00. All other terms and settlement provisions of the warrants remained unchanged. Warrants representing approximately 358,000 shares of common stock were modified as of December 31, 2013. The remaining 3.2 million shares represented by the warrants were modified between January 1, 2014 and February 6, 2014. The Company paid the holders of the warrants approximately \$7.66 per warrant, or approximately \$27.9 million in total in consideration for amending the warrants. In accordance with authoritative guidance, the Company recorded the payment as a reduction of shareholders' equity in the consolidated statements of financial condition because, prior to being amended, the warrants were classified in permanent equity. The amended warrants meet the definition of derivatives; however, because these instruments have been determined to be indexed to the Company's own stock and meet the criteria for equity classification under the authoritative guidance, the amended warrants have also been recorded in shareholders' equity in the consolidated statements of financial condition. The costs for the warrant restrike completed in 2013 and 2014 were approximately \$2.7 million and \$25.2 million, respectively.

### ***2020 Convertible Senior Notes***

On June 24, 2013, Encore sold \$150.0 million in aggregate principal amount of 3.0% convertible senior notes due July 1, 2020 in a private placement transaction. On July 18, 2013, the initial purchasers exercised, in full, their option to purchase an additional \$22.5 million of the convertible senior notes, which resulted in an aggregate principal amount of \$172.5 million of the convertible senior notes outstanding (collectively, the "2020 Convertible Notes"). The 2020 Convertible Notes are general unsecured obligations of the Company. Interest on the 2020 Convertible Notes is payable semi-annually, in arrears, on January 1 and July 1 of each year, beginning on January 1, 2014. Prior to January 1, 2020, the 2020 Convertible Notes will be convertible only during specified periods, if certain conditions are met. On or after January 1, 2020, the 2020 Convertible Notes will be convertible regardless of these conditions. Upon conversion, holders will receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. The conversion rate for the 2020 Convertible Notes is 21.8718 shares per \$1,000 principal amount, which is equivalent to an initial conversion price of approximately \$45.72 per share of common stock. As of December 31, 2013, none of the conditions allowing holders of the 2020 Convertible Notes to convert their notes had occurred.



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As noted above, upon conversion, holders of the Company's 2020 Convertible Notes will receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. However, the Company's current intent is to settle conversions through combination settlement (*i.e.*, convertible into cash up to the aggregate principal amount, and shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, for the remainder). As a result and in accordance with authoritative guidance related to derivatives and hedging and earnings per share, only the conversion spread is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company's common stock during any quarter exceeds \$45.72.

In connection with the pricing of the 2020 Convertible Notes, the Company entered into privately negotiated capped call transactions (the "Capped Call Transactions") with one or more of the initial purchasers (or their affiliates) and one or more other financial institutions (the "Option Counterparties"). The Capped Call Transactions cover, collectively, the number of shares of the Company's common stock underlying the 2020 Convertible Notes, subject to anti-dilution adjustments substantially similar to those applicable to the 2020 Convertible Notes. The cost of the Capped Call Transactions was approximately \$18.1 million. In accordance with authoritative guidance, the Company recorded the net cost of the Capped Call Transactions as a reduction in additional paid in capital, and will not recognize subsequent changes in fair value of these financial instruments in its consolidated financial statements.

The Capped Call Transactions are expected generally to reduce the potential dilution and/or offset the cash payments the Company is required to make in excess of the principal amount upon conversion of the 2020 Convertible Notes in the event that the market price of the Company's common stock is greater than the strike price of the Capped Call Transactions (which initially corresponds to the initial conversion price of the 2020 Convertible Notes and is subject to certain adjustments under the terms of the Capped Call Transactions), with such reduction and/or offset subject to a cap based on the cap price of the Capped Call Transactions. The cap price of the Capped Call Transactions is \$61.5475 per share, and is subject to certain adjustments under the terms of the Capped Call Transactions.

The Capped Call Transactions are separate transactions, in each case, entered into by the Company with the Option Counterparties, and are not part of the terms of the 2020 Convertible Notes and will not affect any holder's rights under the 2020 Convertible Notes. Holders of the 2020 Convertible Notes do not have any rights with respect to the Capped Call Transactions.

The net proceeds from the sale of the 2020 Convertible Notes were approximately \$167.4 million, after deducting the initial purchasers' discounts and commissions and the estimated offering expenses paid by the Company. The Company used approximately \$18.1 million of the net proceeds from this offering to pay the cost of the Capped Call Transactions and used the remainder of the net proceeds from this offering to pay a portion of the purchase price for the Cabot Acquisition and for general corporate purposes.

The Company determined that the fair value of the 2020 Convertible Notes at the date of issuance was approximately \$140.2 million, and designated the residual value of approximately \$32.3 million as the equity component. Additionally, the Company allocated approximately \$4.9 million of the \$6.0 million original 2020 Convertible Notes issuance cost as debt issuance costs and the remaining \$1.1 million as equity issuance costs.

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The balances of the liability and equity components of all of the convertible notes outstanding were as follows (*in thousands*):

	December 31, 2013	December 31, 2012
Liability component—principal amount	\$ 287,500	\$ 115,000
Unamortized debt discount	(42,240)	(14,442)
Liability component—net carrying amount	<u>\$ 245,260</u>	<u>\$ 100,558</u>
Equity component	<u>\$ 46,954</u>	<u>\$ 14,702</u>

The debt discount is being amortized into interest expense over the remaining life of the convertible notes using the effective interest rates, which are 6.0 % and 6.35% for the 2017 and 2020 Convertible Notes, respectively.

Interest expense related to the convertible notes was as follows (*in thousands*):

	December 31, 2013	December 31, 2012
Interest expense—stated coupon rate	\$ 6,108	\$ 307
Interest expense—amortization of debt discount	4,492	260
Total interest expense—convertible notes	<u>\$ 10,600</u>	<u>\$ 567</u>

### **Propel Facility**

Propel has a \$160.0 million syndicated loan facility (the “Propel Facility”).

The Propel Facility expires in May 2015 and includes the following key provisions:

- Interest at Propel’s option, at either: (1) LIBOR, plus a spread that ranges from 300 to 375 basis points, depending on Propel’s cash flow leverage ratio; or (2) Prime Rate, which is defined in the agreement as the rate of interest per annum equal to the sum of (a) the interest rate quoted in the “Money Rates” section of *The Wall Street Journal* from time to time and designated as the “Prime Rate” *plus* (b) the Prime Rate Margin, which is a spread that ranges from 0 to 75 basis points, depending on Propel’s cash flow leverage ratio;
- A borrowing base of 90% of the face value of the tax lien collateralized payment arrangements;
- Interest payable monthly; principal and interest due at maturity;
- Restrictions and covenants, which limit, among other things, the payment of dividends and the incurrence of additional indebtedness and liens;
- Events of default which, upon occurrence, may permit the lender to terminate the Propel Facility and declare all amounts outstanding to be immediately due and payable; and
- A \$40.0 million accordion feature.

The Propel Facility is primarily collateralized by the Tax Liens in Texas and requires Propel to maintain various financial covenants, including a minimum interest coverage ratio and a maximum cash flow leverage ratio.

On December 27, 2013, Propel exercised the existing accordion feature, increasing the Propel Facility from \$160.0 million to \$200.0 million. At December 31, 2013, the outstanding balance on the Propel Facility was \$152.3 million, which bore a weighted average interest rate of 3.19% and 3.37% for the year ended December 31, 2013 and 2012, respectively.

***Propel Wells Fargo Facility***

On May 9, 2013, the Company, through subsidiaries of Propel, entered into a \$100.0 million revolving credit facility with Wells Fargo Bank N.A. (the “Propel Wells Fargo Facility”). The Propel Wells Fargo Facility is used to purchase tax liens directly from taxing authorities in various other states.

The Propel Wells Fargo Facility expires in May 2017 and includes the following key provisions:

- During the first two years of the four-year term, the committed amount can be drawn on a revolving basis. During the following two years, no additional draws are permitted, and all proceeds from the tax liens are used to repay any amounts outstanding under the facility. After the four-year period ends, if any amounts are still outstanding, an alternate interest rate applies until all amounts owed are repaid;
- Prior to the expiration of the four-year term, interest at a per annum floating rate equal to LIBOR plus a spread of 325 basis points;
- Following the expiration of the four-year term or upon the occurrence of an event of default, interest at 400 basis points plus the greater of (i) a per annum floating rate equal to LIBOR plus a spread of 325 basis points, or (ii) Prime Rate, which is defined in the agreement as the rate most recently announced by the lender at its branch in San Francisco, California, from time to time as its prime commercial rate for United States dollar-denominated loans made in the United States;
- Proceeds from the tax liens are applied to pay interest, principal and other obligations incurred in connection with the Propel Wells Fargo Facility on a monthly basis as defined in the agreement;
- Special purpose entity covenants designed to protect the bankruptcy-remoteness of the borrowers and additional restrictions and covenants, which limit, among other things, the payment of certain dividends, the occurrence of additional indebtedness and liens and use of the collections proceeds from the certain Tax Liens; and
- Events of default which, upon occurrence, may permit the lender to terminate the Propel Wells Fargo Facility and declare all amounts outstanding to be immediately due and payable.

The Propel Wells Fargo Facility is collateralized by the Tax Liens acquired under the Propel Wells Fargo Facility. At December 31, 2013, the outstanding balance on the Propel Wells Fargo Facility was \$18.3 million and, for the year ended December 31, 2013, bore a weighted average interest rate of 3.64%.

***Cabot Senior Secured Notes***

On September 20, 2012, Cabot Financial (Luxembourg) S.A. (“Cabot Financial”), an indirect subsidiary of Janus Holdings, issued £265.0 million (approximately \$438.4 million) in aggregate principal amount of 10.375% Senior Secured Notes due 2019 (the “Cabot 2019 Notes”). Interest on the Cabot 2019 Notes is payable semi-annually, in arrears, on April 1 and October 1 of each year.

On August 2, 2013, Cabot Financial issued £100 million (approximately \$151.7 million) in aggregate principal amount of 8.375% Senior Secured Notes due 2020 (the “Cabot 2020 Notes” and, together with the Cabot 2019 Notes, the “Cabot Notes”). Interest on the Cabot 2020 Notes is payable semi-annually, in arrears, on February 1 and August 1 of each year, beginning on February 1, 2014. The total debt issuance cost associated with the Cabot 2020 Notes was approximately \$4.9 million.

Of the proceeds from the issuance of the Cabot 2020 Notes, approximately £75.0 million (approximately \$113.8 million) was used to repay all amounts outstanding under the senior credit facilities of Cabot Financial (UK) Limited (“Cabot Financial UK”), an indirect subsidiary of Janus Holdings, £25.0 million (approximately

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\$37.9 million) was used to partially repay a portion of the J Bridge PECs (as anticipated in the Purchase Agreement discussed in Note 3, “Business Combinations”) to J.C. Flowers.

The Cabot Notes are fully and unconditionally guaranteed by the following indirect subsidiaries of the Company: Cabot, Cabot Financial Limited, and all material subsidiaries of Cabot Financial Limited (other than Cabot Financial). The Cabot Notes are secured by a first ranking security interest in all the outstanding shares of Cabot Financial and the guarantors (other than Cabot) and substantially all the assets of Cabot Financial and the guarantors (other than Cabot).

Interest expense related to the Cabot Notes was as follows (*in thousands*):

	<b>Year Ended December 31, 2013</b>
Interest expense—stated coupon rate	\$ 27,496
Interest income—appreciation of debt premium	(2,826)
Total interest expense—Cabot Notes	<u>\$ 24,670</u>

### **Cabot Senior Revolving Credit Facility**

On September 20, 2012, Cabot Financial UK entered into an agreement for a senior committed revolving credit facility of £50.0 million (approximately \$82.7 million) (the “Cabot Credit Agreement”). This agreement was amended and restated on June 28, 2013 to increase the size of the revolving credit facility to £85.0 million (approximately \$140.6 million) (the “Cabot Credit Facility”).

The Cabot Credit Facility has a five-year term expiring in September 2017, and includes the following key provisions:

- Interest at LIBOR plus a maximum of 4.0% depending on the loan to value (“LTV”) ratio determined quarterly, calculated as being the ratio of the net financial indebtedness of Cabot (as defined in the Cabot Credit Agreement) to Cabot’s estimated remaining collections capped at 84-months;
- A restrictive covenant that limits the LTV ratio to 0.75;
- Additional restrictions and covenants which limit, among other things, the payment of dividends and the incurrence of additional indebtedness and liens; and
- Events of default which, upon occurrence, may permit the lenders to terminate the Cabot Credit Facility and declare all amounts outstanding to be immediately due and payable.

The Cabot Credit Facility is unconditionally guaranteed by the following indirect subsidiaries of the Company: Cabot, Cabot Financial Limited, and all material subsidiaries of Cabot Financial Limited. The Cabot Notes are secured by a first ranking security interest in all the outstanding shares of Cabot Financial UK and the guarantors (other than Cabot) and substantially all the assets of Cabot Financial UK and the guarantors (other than Cabot).

At December 31, 2013, there were no outstanding borrowings under the Cabot Credit Facility.

On February 7, 2014, Cabot Financial UK acquired all of the equity interest of Marlin, a leading acquirer of non-performing consumer debt in the United Kingdom, for an aggregate purchase price of approximately £295.0 million (approximately \$481.0 million). The Acquisition was financed with £75.0 million (approximately \$122.3 million) in borrowings under the Cabot Credit Facility and under new senior secured bridge facilities. Refer to Note 18, “Subsequent Events” for additional details related to the acquisition of Marlin and the new senior secured bridge facilities.

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### **Preferred Equity Certificates**

As discussed in Note 3, “Business Combinations,” on July 1, 2013, the Company, through Encore Europe, completed the Cabot Acquisition by acquiring E Bridge PECs, E PECs, and E Shares that represent 50.1% of all of the issued and outstanding equity and debt securities of Janus Holdings. The remaining 49.9% of Janus Holdings’ equity and debt securities constitute J Bridge PECs, J PECs, and J shares owned by J.C. Flowers. All of the PECs accrue interest at 12% per annum. In accordance with authoritative guidance related to debt and equity securities, the J Bridge PECs, J PECs and any accrued interests thereof are classified as liabilities and are included in debt in the Company’s accompanying consolidated statements of financial condition. In addition, certain other minority owners hold PECs at the Cabot Holdings level (the “Management PECs”). These PECs are also included in debt in the Company’s accompanying consolidated statements of financial condition. The E Bridge PECs and E PECs held by the Company, and their related interest eliminate in consolidation and therefore are not included in debt. As noted above, the J Bridge PECs, J PECs and Management PECs are included in debt in the Company’s accompanying consolidated statements of financial condition. However, as these liabilities are held by the noncontrolling interest holders and do not require the payment of cash interest expense, they have characteristics similar to equity with a preferred return. The ultimate payment of the accumulated interest would be satisfied only in connection with the disposition of the noncontrolling interests of J.C. Flowers and management.

The Company determined, at the time of the Cabot Acquisition, that the fair value of the preferred equity certificates and the respective accrued interests approximated their face value.

As anticipated in the Purchase Agreement, and as discussed in Note 3, “Business Combinations,” in August 2013, Cabot made a payment of approximately \$41.2 million to J.C. Flowers for a partial redemption of the J Bridge PECs.

As of December 31, 2013, the outstanding balance of the PECs and their accrued interests was approximately \$199.8 million.

### **Capital Lease Obligations**

The Company has capital lease obligations primarily for computer equipment. As of December 31, 2013, the Company’s combined obligations for these equipment leases were approximately \$13.0 million. These lease obligations require monthly or quarterly payments through 2018 and have implicit interest rates that range from zero to approximately 13.3%.

### **Maturity Schedule**

The aggregate amounts of the Company’s debt, including PECs, accrued interests on PECs, and capital lease obligations, maturing in each of the next five years and thereafter are as follows:

	<u>In thousands</u>
2014	\$ 40,989
2015	226,906
2016	28,459
2017	573,622
2018	2,655
Thereafter	976,458
<b>Total<sup>(1)</sup></b>	<b><u>\$ 1,849,089</u></b>

<sup>(1)</sup> On February 25, 2014, the Company amended its Credit Facility. The restated Credit Facility has a five-year maturity, expiring in February 2019, except with respect to two subtranches of the term loan facility of

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\$60.0 million and \$6.3 million, expiring in February 2017 and November 2017, respectively. The maturity schedule in the table above does not reflect the amended maturity schedule for the restated Credit Facility.

### **Note 11: Variable Interest Entity**

On July 1, 2013, the Company, through Encore Europe, completed its acquisition of 50.1% of the equity interest in Janus Holdings. See Note 3, “Business Combinations” for more information. The Company has determined that Janus Holdings is a VIE, and the Company is the primary beneficiary of the VIE. As a result, the financial results of Janus Holdings are consolidated under the VIE consolidation model. A VIE is defined as a legal entity whose equity owners do not have sufficient equity at risk, or, as a group, the holders of the equity investment at risk lack any of the following three characteristics: decision-making rights, the obligation to absorb losses, or the right to receive the expected residual returns of the entity. The primary beneficiary is identified as the variable interest holder that has both the power to direct the activities of the VIE that most significantly affect the entity’s economic performance and the obligation to absorb expected losses or the right to receive benefits from the entity that could potentially be significant to the VIE. The key activities that affect Cabot’s economic performance include, but are not limited to, operational budgets and purchasing decisions. Through its control of the board of directors of Cabot’s immediate parent company, the Company controls the key operating activities at Cabot. The Company evaluates its relationships with the VIE on an ongoing basis to ensure that it continues to be the primary beneficiary.

The Company considers that the rights granted to J.C. Flowers under the contractual arrangements are more protective in nature rather than participating rights.

The Company does not intend to provide financial support to Janus Holdings. The Company did not apply push down accounting to Janus Holdings as a result of the business combination.

The Company’s consolidated assets as of December 31, 2013 included assets from Janus Holdings that can only be used to settle obligations of Janus Holdings. The Company’s consolidated liabilities as of December 31, 2013, included liabilities of Janus Holdings, whose creditors have no recourse to the Company. The following table presents Janus Holdings’ assets and liabilities (after elimination of intercompany transactions and balances) in the Company’s consolidated statement of financial condition as of December 31, 2013 (*in thousands*):

	<b>December 31, 2013</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 62,403
Investment in receivable portfolios, net	620,312
Property and equipment, net	13,755
Other assets	33,772
Goodwill	376,296
Total assets	<u>\$ 1,106,538</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 47,219
Debt	846,676
Other liabilities	1,897
Total liabilities	<u>\$ 895,792</u>

### **Note 12: Stock-Based Compensation**

On March 9, 2009, Encore’s Board of Directors (the “Board”) approved an amendment and restatement of the 2005 Stock Incentive Plan (“2005 Plan”), which was originally adopted on March 30, 2005, for Board

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members, employees, officers, and executives of, and consultants and advisors to, the Company. The amendment and restatement of the 2005 Plan increased by 2,000,000 shares the maximum number of shares of the Company's common stock that may be issued or be subject to awards under the plan, established a new 10-year term for the plan, and made certain other amendments. The 2005 Plan amendment was approved by the Company's stockholders on June 9, 2009. The 2005 Plan provides for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, and performance-based awards to eligible individuals. As amended, the 2005 Plan allows the granting of an aggregate of 3,500,000 shares of the Company's common stock for awards. In addition, shares subject to options granted under the 2005 Plan that terminate or expire without being exercised will become available for grant under the 2005 Plan. The benefit provided under the 2005 Plan is compensation subject to authoritative guidance for stock-based compensation.

In accordance with authoritative guidance for stock-based compensation, compensation expense is recognized only for those shares expected to vest, based on the Company's historical experience and future expectations. Total compensation expense during the years ended December 31, 2013, 2012, and 2011 was \$12.6 million, \$8.8 million, and \$7.7 million, respectively.

The Company's stock-based compensation arrangements are described below:

### **Stock Options**

The 2005 Plan permits the granting of stock options to certain employees and members of the board of directors of the Company. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of issuance. They generally vest over three to five years of continuous service, and have ten-year contractual terms.

The Company uses the Black-Scholes option-pricing model to determine the fair-value of stock-based awards. All options are amortized ratably over the requisite service periods of the awards, which are generally the vesting periods.

The fair value for options granted was estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions (there were no options granted during the year ended December 31, 2013):

	Year Ended December 31,	
	2012	2011
Weighted average fair value of options granted	\$ 11.77	\$ 13.26
Risk free interest rate	0.9%	2.0%
Dividend yield	0.0%	0.0%
Volatility factors of the expected market price of the Company's common stock	63.0%	61.0%
Weighted-average expected life of options	5 Years	5 Years

Unrecognized compensation cost related to stock options as of December 31, 2013, was \$0.7 million. The weighted-average remaining expense period, based on the unamortized value of these outstanding stock options was approximately 1.0 years.

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A summary of the Company's stock option activity as of December 31, 2013, and changes during the year then ended, is presented below:

	Number of Shares	Option Price Per Share	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2012		2.89 –		
Cancelled/forfeited	1,948,259	\$ 24.65	\$ 15.38	
		22.17 –		
Exercised	(61,332)	24.65	23.03	
		2.89 –		
	(753,755)	24.65	15.56	
Outstanding at December 31, 2013		2.89 –		
	1,133,172	\$ 24.65	\$ 14.84	\$ 40,138
Exercisable at December 31, 2013		2.89 –		
	987,843	\$ 24.65	\$ 13.71	\$ 36,103

The total intrinsic value of options exercised during the years ended December 31, 2013, 2012, and 2011 was \$16.9 million, \$9.1 million, and \$10.5 million, respectively. As of December 31, 2013, the weighted-average remaining contractual life of options outstanding and options exercisable was 5.6 years and 5.2 years, respectively.

### **Non-Vested Shares**

Under the Company's 2005 Plan, employees, officers, executives and directors of, and consultants and advisors to, the Company are eligible to receive restricted stock units and restricted stock awards. In accordance with the authoritative guidance, the fair value of these non-vested shares is equal to the closing sale price of the Company's common stock on the date of issuance. The total number of these awards expected to vest is adjusted by estimated forfeiture rates.

A summary of the status of the Company's restricted stock units and restricted stock awards as of December 31, 2013, and changes during the year then ended, is presented below:

	Non-Vested Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2012	744,016	\$ 23.51
Awarded	645,266	\$ 35.03
Vested	(336,772)	\$ 22.85
Cancelled/forfeited	(66,775)	\$ 26.39
Non-vested at December 31, 2013	985,735	\$ 31.07

Unrecognized compensation cost related to non-vested shares as of December 31, 2013, was \$16.2 million. The weighted-average remaining expense period, based on the unamortized value of these outstanding non-vested shares, was approximately 2.2 years. The fair value of restricted stock units and restricted stock awards vested for the years ended December 31, 2013, 2012, and 2011 was \$11.5 million, \$7.0 million, and \$7.1 million, respectively.

### **Note 13: Income Taxes**

During the year ended December 31, 2013, the Company recorded an income tax provision of \$45.4 million, reflecting an effective rate of 37.6% of pretax income from continuing operations. The effective tax rate for the year ended December 31, 2013, primarily consisted of a provision for federal income taxes of 33.0% (which is net of a benefit for state taxes of 2.0%), a provision for state taxes of 5.8% and a net benefit of 1.2%, due to permanent book versus tax differences. During the year ended December 31, 2012, the Company recorded an income tax provision of \$51.8 million, reflecting an effective rate of 39.7% of pretax income from continuing



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operations. The effective tax rate for the year ended December 31, 2012, primarily consisted of a provision for federal income taxes of 32.7% (which is net of a benefit for state taxes of 2.3%), a provision for state taxes of 6.6% and a net provision of 0.4%, due to permanent book versus tax differences, and international rate differentials.

The effective tax rates for the respective periods are shown below:

	Year Ended December 31,	
	2013	2012
Federal provision	35.0%	35.0%
State provision	5.8%	6.6%
State benefit	(2.0%)	(2.3%)
Changes in state apportionment <sup>(1)</sup>	(0.2%)	0.0%
Tax reserves <sup>(2)</sup>	0.0%	0.1%
International provision <sup>(3)</sup>	(2.2%)	(0.4%)
Permanent items <sup>(4)</sup>	2.4%	0.5%
Other	(1.2%)	0.2%
<b>Effective rate</b>	<b>37.6%</b>	<b>39.7%</b>

(1) Represents changes in state apportionment methodologies.

(2) Represents reserves taken for certain tax position adopted by the Company.

(3) Relates primarily to the lower tax rate on the income attributable to international operations.

(4) Represents a provision for nondeductible items.

The pretax income consisted of the following (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
Domestic	\$105,009	\$122,423	\$92,759
Foreign	15,859	7,902	5,910
	<u>\$120,868</u>	<u>\$130,325</u>	<u>\$98,669</u>

The provision for income taxes consisted of the following (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
<b>Current expense:</b>			
Federal	\$ 50,304	\$48,025	\$30,822
State	7,196	9,537	6,647
Foreign	4,052	2,765	2,407
	<u>61,552</u>	<u>60,327</u>	<u>39,876</u>
<b>Deferred (benefit) expense:</b>			
Federal	(13,134)	(6,801)	(814)
State	(2,369)	(1,301)	90
Foreign	(661)	(471)	(1,076)
	<u>(16,164)</u>	<u>(8,573)</u>	<u>(1,800)</u>
	<u>\$ 45,388</u>	<u>\$51,754</u>	<u>\$38,076</u>

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The components of deferred tax assets and liabilities consisted of the following for the years presented (*in thousands*):

	December 31, 2013	December 31, 2012
<b>Deferred tax assets:</b>		
State taxes	\$ 2,758	\$ 1,408
Stock-based compensation expense	7,250	8,888
Accrued expenses	5,015	2,957
Non-qualified plan	97	(136)
Deferred revenue	38,529	—
Cash flow hedge instruments	1,588	1,037
State and international operating losses	6,490	51
Fixed asset basis—International	86	(26)
Capitalized legal fees—International	1,609	—
Cumulative translation adjustment	1,509	—
Tax benefit of uncertain tax positions	4,237	—
Valuation allowance	(3,595)	(13)
	<u>65,573</u>	<u>14,166</u>
<b>Deferred tax liabilities:</b>		
Deferred court costs	(15,445)	(15,013)
Difference in basis of amortizable assets	(12,200)	(7,898)
Difference in basis of depreciable assets	(6,834)	(4,134)
Differences in income recognition related to receivable portfolios	(20,773)	5,723
Deferred debt cancellation income	(1,222)	(1,222)
Other	(2,289)	142
	<u>(58,763)</u>	<u>(22,402)</u>
<b>Net deferred tax asset (liability)</b>	<b><u>\$ 6,810</u></b>	<b><u>\$ (8,236)</u></b>

The differences between the total income tax expense and the income tax expense computed using the applicable federal income tax rate of 35% per annum were as follows (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
Computed “expected” Federal income tax expense	\$42,304	\$45,614	\$34,534
Increase (decrease) in income taxes resulting from:			
State income taxes, net	3,138	5,551	4,200
Foreign non-taxed income, rate differential	(2,647)	(481)	(772)
Other adjustments, net	2,593	1,070	114
	<u>\$45,388</u>	<u>\$51,754</u>	<u>\$38,076</u>

The Company has not provided for the United States income taxes or foreign withholding taxes on the undistributed earnings from continuing operations of its subsidiary operating outside of the United States. Undistributed earnings of the subsidiary for the year ended December 31, 2013, were approximately \$5.6 million. Such undistributed earnings are considered permanently reinvested. If the earnings were to be distributed, it is estimated that taxes in the amount of approximately \$2.2 million, before utilization of any foreign tax credits, would need to be reflected in the financial statements.

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The Company's subsidiary in Costa Rica is operating under a 100% tax holiday through December 31, 2018 and a 50% tax holiday for the subsequent four years. The impact of the tax holiday in Costa Rica for the year ended December 31, 2013 was immaterial.

A reconciliation of the beginning and ending amount of the Company's unrecognized tax benefit is as follows (*in thousands*):

	<u>Amount</u>
Balance at December 31, 2012	\$ 1,784
Current year deletions relating to prior years	(712)
Current year additions relating to prior years—acquisitions	70,201
Balance at December 31, 2013	<u>\$71,273</u>

As of December 31, 2013, the Company had a gross unrecognized tax benefit of \$83.0 million primarily related to an uncertain tax position resulting from the AACC Merger due to AACC's tax revenue recognition policy. This uncertain tax position, if recognized, would result in a net tax benefit of \$13.5 million and would have a positive effect on the Company's effective tax rate. During the year ended December 31, 2013, there was an increase in the gross unrecognized tax benefit of \$79.4 million primarily as a result of the AACC Merger as discussed in Note 3, "Business Combinations."

During 2013, the Company accrued interest of \$1.4 million related to prior years' uncertain tax positions. In total as of December 31, 2013, the Company recorded a liability for potential interest of \$11.7 million. The interest accrual is recorded as part of the provision for income taxes.

The Company believes that it is reasonably possible that its \$83.0 million gross unrecognized tax benefits will decrease within the next 12 months. The majority of the gross unrecognized tax benefits relate to uncertain tax positions associated with the acquisition of AACC. The event that may significantly reduce the unrecognized tax benefits is the completion of a federal tax audit of AACC. The unrecognized tax benefits are included in other liabilities on the Company's consolidated statements of financial condition.

The Company files U.S. federal, state, and foreign income tax returns in jurisdictions with varying statutes of limitations. The 2010 through 2013 tax years remain subject to examination by federal taxing authorities for Encore while tax years from 2008 forward remain open to adjustment for AACC. The 2008 through 2013 tax years generally remain subject to examination by state tax authorities, and the 2011 through 2013 tax years remain subject to examination by foreign tax authorities.

The Company's UK subsidiary has a net operating loss carry forward in the amount of approximately \$30.4 million, which can be carried forward indefinitely.

### **Note 14: Commitments and Contingencies**

#### ***Litigation***

The Company is involved in disputes, legal actions, regulatory investigations, inquiries, and other actions from time to time in the ordinary course of business. The Company, along with others in its industry, are routinely subject to legal actions based on the Fair Debt Collection Practices Act ("FDCPA"), comparable state statutes, the Telephone Consumer Protection Act ("TCPA"), state and federal unfair competition statutes, and common law causes of action. The violations of law alleged in these actions often include claims that the Company lacks specified licenses to conduct its business, attempts to collect debts on which the statute of limitations has run, has made inaccurate assertions of fact in support of its collection actions and/or has acted improperly in connection with its efforts to contact consumers. Such litigation and regulatory actions involve potential compensatory or punitive damage claims, fines, sanctions, or injunctive relief. Many continue on for

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some length of time and involve substantial litigation, effort, and negotiation before a result is achieved, and during the process the Company often cannot determine the substance or timing of any eventual outcome.

On May 19, 2008, an action captioned *Brent v. Midland Credit Management, Inc. et. al* was filed in the United States District Court for the Northern District of Ohio Western Division, in which the plaintiff filed a class action counter-claim against two of the Company's subsidiaries (the "Midland Defendants"). The complaint alleged that the Midland Defendants' business practices violated consumers' rights under the FDCPA and the Ohio Consumer Sales Practices Act. The plaintiff sought actual and statutory damages for the class of Ohio residents, plus attorney's fees and costs of class notice and class administration. The dollar amount of damages originally sought in the case was an unspecified amount in excess of \$25,000. On August 12, 2011, the court issued an order granting final approval to the parties agreed upon settlement of this lawsuit, as well as two other pending lawsuits in the Northern District of Ohio entitled *Franklin v. Midland Funding LLC* and *Vassalle v. Midland Funding LLC*, on a national class basis, and dismissed the cases against the Midland Defendants with prejudice. That order was subsequently appealed by certain objectors to the settlement, and on February 26, 2013, the Court of Appeals for the Sixth Circuit reversed the district court's order approving the settlement, vacated the judgment certifying a nationwide settlement class, and remanded the case back to the Northern District of Ohio for further proceedings consistent with the Sixth Circuit's ruling. By agreement dated November 8, 2013, the parties entered into a revised agreement to settle the lawsuits on a national class basis, subject to obtaining court approval after notice to the class. The Company has vigorously denied the claims asserted against it in these matters, but has agreed to the proposed settlement to avoid the burden and expense of continued litigation. Subject to court approval, settlement awards to eligible class members, as well as fees and costs, will be paid from a settlement fund of approximately \$5.2 million, which has already been paid by the Company and its insurer in connection with the previous proposed settlement. If the number of class members who make claims exceeds a certain level, the total settlement could increase to an amount not to exceed \$5.7 million. On November 27, 2013, the district court issued an order granting preliminary approval of the parties' revised agreed upon settlement of this lawsuit, and will hold a hearing on the fairness and reasonableness of the agreement and whether final approval should be given to it on May 15, 2014.

On November 2, 2010 and December 17, 2010, two national class actions entitled *Robinson v. Midland Funding LLC* and *Tovar v. Midland Credit Management*, respectively, were filed in the United States District Court for the Southern District of California. The complaints allege that certain of the Company's subsidiaries violated the TCPA by calling consumers' cellular phones without their prior express consent. The complaints seek monetary damages under the TCPA, injunctive relief, and other relief, including attorney fees. On May 10, 2011 and May 11, 2011 two class actions entitled *Scardina v. Midland Credit Management, Inc.*, *Midland Funding LLC and Encore Capital Group, Inc.* and *Martin v. Midland Funding, LLC*, respectively, were filed in the United States District Court for the Northern District of Illinois. The complaints allege on behalf of a putative class of Illinois consumers that certain of the Company's subsidiaries violated the TCPA by calling consumers' cellular phones without their prior express consent. The complaints seek monetary damages under the TCPA, injunctive relief, and other relief, including attorney fees. On July 28, 2011, the Company filed a motion to transfer the *Scardina* and *Martin* cases to the United States District Court for the Southern District of California to be consolidated with the *Tovar* and *Robinson* cases. On October 11, 2011, the United States Judicial Panel on Multidistrict Litigation granted the Company's motion to transfer. All four of these cases are now pending in the United States District Court for the Southern District of California in a multidistrict litigation titled *In re Midland Credit Management Inc. Telephone Consumer Protection Act Litigation*. The lead plaintiffs filed an amended consolidated complaint on July 11, 2012. On October 17, 2012, a national class action titled *Hartman v. Midland Credit Management, Inc.* was filed in the Middle District of Florida. The complaint in *Hartman* alleged that the Company's subsidiary violated the TCPA by calling consumers' cellular phones without their prior express consent. On November 20, 2012, the *Hartman* case was transferred to the Southern District of California to be consolidated with the multidistrict litigation. There have been, and may continue to be from time to time, similar claims filed against the Company alleging violations of the TCPA.

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On March 8, 2013, March 19, 2013 and March 20, 2013, three actions entitled *Shell v. Asset Acceptance Capital Corp., et. al.*, *Neumann v. Asset Acceptance Capital Corp., et. al.*, and *Jaluka v. Asset Acceptance Capital Corp. et al.*, respectively, were filed in the Macomb County Circuit Court of the State of Michigan. On April 19, 2013, a fourth action entitled *Dix v. Asset Acceptance Capital Corp. et al* was filed in the Court of Chancery of the State of Delaware. These actions were brought by purported stockholders of AACC against the Company, AACC, and certain other named entities and individuals, and allege, among other things, that the Company has aided and abetted AACC's directors in breaching their fiduciary duties of care, loyalty and candor or disclosure owed to AACC stockholders. Plaintiffs in the actions sought, among other things, injunctive relief prohibiting consummation of the proposed acquisition, or rescission of the proposed acquisition (in the event the transaction has already been consummated), as well as costs and disbursements, including reasonable attorneys' and experts' fees, and other equitable or injunctive relief as the court may deem just and proper. The plaintiffs did not specify the dollar amount of damages sought in each action. On June 2, 2013, AACC entered into a Memorandum of Understanding (the "MOU") with the plaintiffs in the Michigan actions and Delaware action that sets forth the parties' agreement in principle for settlement. As explained in the MOU, without admitting any wrongdoing, AACC agreed to make certain additional disclosures related to the proposed merger, and to enter into a stipulation of settlement providing for the certification of a class, for settlement purposes only, that includes certain persons or entities who held shares of AACC common stock and the release of all asserted claims. On September 16, 2013, AACC entered into a stipulation of settlement which sets forth the terms of the MOU. On December 16, 2013, the Michigan court issued an order granting final approval to the parties agreed upon settlement of the lawsuits, awarded the attorneys for the class members attorneys' fees and costs in the amount of \$550,000, and dismissed the Michigan actions with prejudice. On January 17, 2014, as a result of approval of the settlement by the Michigan court, the Delaware action was also dismissed with prejudice.

In certain legal proceedings, the Company may have recourse to insurance or third party contractual indemnities to cover all or portions of its litigation expenses, judgments, or settlements. In accordance with authoritative guidance, the Company records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability. The Company continuously assesses the potential liability related to its pending litigation and revises its estimates when additional information becomes available. As of December 31, 2013, the Company has no material reserves for litigation. Additionally, based on the current status of litigation matters, either the estimate of exposure is immaterial to the Company's financial statements or an estimate cannot yet be determined. The Company's legal costs are recorded to expense as incurred.

### **Leases**

The Company leases office facilities in the United States, India, United Kingdom, Ireland, Costa Rica, Colombia, and Peru. The leases are structured as operating leases, and the Company incurred related rent expense in the amounts of \$12.0 million, \$6.9 million, and \$5.8 million during the years ended December 31, 2013, 2012, and 2011, respectively.

The Company has capital lease obligations primarily for certain computer equipment. Refer to Note 10 "Debt—Capital Lease Obligations" for additional information on the Company's capital leases. Amortization of assets under capital leases is included in depreciation and amortization expense.

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Future minimum lease payments under lease obligations consist of the following for the years ending December 31 (*in thousands*):

	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
2014	\$ 5,903	\$ 17,582	\$23,485
2015	4,242	15,824	20,066
2016	2,262	12,624	14,886
2017	519	10,861	11,380
2018	110	8,115	8,225
Thereafter	—	20,540	20,540
Total minimal leases payments	<u>13,036</u>	<u>\$85,546</u>	<u>\$98,582</u>
Less: Interest	(817)		
Present value of minimal lease payments	<u>\$12,219</u>		

### **Purchase Commitments**

In the normal course of business, the Company enters into forward flow purchase agreements and other purchase commitment agreements. As of December 31, 2013, the Company has entered into agreements to purchase receivable portfolios with a face value of approximately \$770.1 million for a purchase price of approximately \$93.5 million. The Company has no purchase commitments extending past one year.

### **Guarantees**

Encore's Certificate of Incorporation and indemnification agreements between the Company and its officers and directors provide that the Company will indemnify and hold harmless its officers and directors for certain events or occurrences arising as a result of the officer or director serving in such capacity. The Company has also agreed to indemnify certain third parties under certain circumstances pursuant to the terms of certain underwriting agreements, registration rights agreements, credit facilities, portfolio purchase and sale agreements, and other agreements entered into by the Company in the ordinary course of business. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company believes the estimated fair value of these indemnification agreements is minimal and, as of December 31, 2013, has no liabilities recorded for these agreements.

### **Note 15: Segment Information**

The Company conducts business primarily through two reportable segments: portfolio purchasing and recovery and tax lien business. The Company's management relies on internal management reporting processes that provide segment revenue, segment operating income, and segment asset information in order to make financial decisions and allocate resources. The operating results from the Company's tax lien business segment are immaterial to the Company's total consolidated operating results. However, total assets from the tax lien business segment are significant as compared to the Company's total consolidated assets. As a result, in accordance with authoritative guidance on segment reporting, the Company's tax lien business segment is determined to be a reportable segment.

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Segment operating income includes income from operations before depreciation, amortization of intangible assets, and stock-based compensation expense. The following table provides a reconciliation of revenue and segment operating income by reportable segment to consolidated results and was derived from the segments' internal financial information as used for corporate management purposes (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
<b>Revenues:</b>			
Portfolio purchasing and recovery	\$756,277	\$545,419	\$448,746
Tax lien business	17,087	11,358	—
	<u>\$773,364</u>	<u>\$556,777</u>	<u>\$448,746</u>
<b>Operating income:</b>			
Portfolio purchasing and recovery	\$219,510	\$164,038	\$131,970
Tax lien business	5,045	5,677	—
	<u>224,555</u>	<u>169,715</u>	<u>131,970</u>
Depreciation and amortization	(13,547)	(5,840)	(4,081)
Stock-based compensation	(12,649)	(8,794)	(7,709)
Other expense	(77,491)	(24,756)	(21,511)
Income from continuing operations before income taxes	<u>\$120,868</u>	<u>\$130,325</u>	<u>\$ 98,669</u>

Additionally, assets are allocated to operating segments for management review. As of December 31, 2013, total segment assets were \$2.4 billion and \$253.4 million for the portfolio purchasing and recovery segment and tax lien business segment, respectively.

The following presents information about geographic areas in which the Company operates (*in thousands*):

	Year Ended December 31,		
	2013	2012	2011
<b>Revenues<sup>(1)</sup> :</b>			
United States	\$677,873	\$556,777	\$448,746
United Kingdom	95,491	—	—
	<u>\$773,364</u>	<u>\$556,777</u>	<u>\$448,746</u>

<sup>(1)</sup> Revenues are attributed to countries based on location of customer.

### Note 16: Goodwill and Identifiable Intangible Assets

In accordance with authoritative guidance, goodwill is tested at the reporting unit level annually for impairment and in interim periods if certain events occur that indicate the fair value of a reporting unit may be below its carrying value. Goodwill was allocable to reporting units included in the Company's reportable segments, as follows (*in thousands*):

	Portfolio Purchasing and Recovery	Tax Lien Business	Total
Balance, December 31, 2012	\$ 6,047	\$49,399	\$ 55,446
Goodwill acquired	429,621	3,887	433,508
Goodwill adjustment	(5,121)	(4,009)	(9,130)
Effect of foreign currency translation	24,389	—	24,389
Balance, December 31, 2013	<u>\$ 454,936</u>	<u>\$49,277</u>	<u>\$504,213</u>

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The Company's acquired intangible assets are summarized as follows (*in thousands*):

	As of December 31, 2013			As of December 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 1,975	\$ (75)	\$ 1,901	\$ —	\$ —	\$ —
Developed technologies	4,909	(468)	4,441	—	—	—
Trade name and other	15,631	(386)	15,245	570	(83)	487
Other intangibles— <i>indefinite lived</i>	1,962	—	1,962	—	—	—
Total intangible assets	<u>\$24,477</u>	<u>\$ (929)</u>	<u>\$23,549</u>	<u>\$ 570</u>	<u>\$ (83)</u>	<u>\$ 487</u>

The weighted-average useful lives of intangible assets at the time of acquisition are as follows:

	Weighted-Average Useful Lives
Customer relationships	9
Developed technologies	5
Trade name and other	13

The amortization expense for intangible assets that are subject to amortization was \$0.8 million, less than \$0.1 million, and \$0.3 million for the years ended December 31, 2013, 2012, and 2011, respectively. Estimated future amortization expense related to finite-lived intangible assets at December 31, 2013 is as follows: (*in thousands*):

	In thousands
2014	\$ 2,877
2015	2,809
2016	2,619
2017	2,482
2018	1,741
Thereafter	9,059
Total	<u>\$ 21,587</u>



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**Note 17: Quarterly Information (Unaudited)**

The following table summarizes quarterly financial data for the periods presented (*in thousands, except per share amounts*):

	Three Months Ended			
	March 31	June 30	September 30	December 31
<b>2013</b>				
Gross collections	\$ 270,170	\$ 278,388	\$ 379,670	\$ 351,278
Revenues	144,586	156,121	235,558	237,099
Total operating expenses	105,872	126,238	174,429	168,466
Income from continuing operations	19,448	11,012	21,372	23,648
Net income	19,448	11,012	21,064	22,216
<b>Amounts attributable to Encore Capital Group, Inc.:</b>				
Income from continuing operations	19,448	11,012	22,194	24,385
Net income	19,448	11,012	21,886	22,953
<b>Earnings per share attributable to Encore Capital Group, Inc.:</b>				
From continuing operations:				
Basic	\$ 0.83	\$ 0.46	\$ 0.87	\$ 0.95
Diluted	0.80	0.44	0.82	0.87
From net income:				
Basic	\$ 0.83	\$ 0.46	\$ 0.86	\$ 0.90
Diluted	0.80	0.44	0.81	0.82
<b>2012</b>				
Gross collections	\$ 231,028	\$ 240,560	\$ 245,977	\$ 230,490
Revenues	126,410	141,246	145,218	143,903
Total operating expenses	91,394	102,809	103,621	103,872
Income from continuing operations	18,108	18,988	21,308	20,167
Net income	11,406	16,596	21,308	20,167
<b>Earnings per share:</b>				
From continuing operations:				
Basic	\$ 0.73	\$ 0.76	\$ 0.85	\$ 0.82
Diluted	0.70	0.74	0.82	0.79
From net income:				
Basic	\$ 0.46	\$ 0.67	\$ 0.85	\$ 0.82
Diluted	0.44	0.64	0.82	0.79

**Note 18: Subsequent Events**

**Marlin Acquisition**

On February 7, 2014, Cabot, through its subsidiary Cabot Financial Holdings Group Limited (“Cabot Financial Holdings”), entered into a Share Sale and Purchase Agreement (the “Marlin Purchase Agreement”), pursuant to which Cabot acquired (a) the entire issued share capital of Marlin Financial Group Limited, a company organized under the laws of England (“Marlin”) and (b) certain subordinated fixed rate loan notes of Marlin Financial Intermediate Limited, a company organized under the laws of England, which is a direct wholly owned subsidiary of Marlin (the “Marlin Acquisition”), from funds managed by Duke Street and certain individuals, including certain executive management of Marlin (collectively, the “Sellers”).

Pursuant to the terms and conditions of the Marlin Purchase Agreement and certain ancillary agreements, Cabot Financial Holdings purchased from the Sellers all of the issued and outstanding equity securities of Marlin and certain subordinated fixed rate loan notes of Marlin Financial Intermediate Limited and assumed

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substantially all of the outstanding debt of Marlin Intermediate Holdings plc, a subsidiary of Marlin, for an aggregate purchase price of approximately £295.0 million (approximately \$481.0 million).

### **Senior Secured Bridge Facilities**

The Marlin Acquisition was financed with borrowings under the existing revolving credit facility of Cabot Financial (UK) Limited (the “Revolving Credit Facility”), a subsidiary of Cabot Financial Holdings, and under new senior secured bridge facilities (the “Senior Secured Bridge Facilities”) provided by J.P. Morgan Limited, Deutsche Bank AG, London Branch, Lloyds Bank plc, The Royal Bank of Scotland plc and UBS Limited entered into on February 7, 2014 pursuant to a Senior Secured Bridge Facilities Agreement.

The Senior Secured Bridge Facilities Agreement provides for (a) a senior secured bridge facility in an aggregate principal amount of up to £105.0 million (“Bridge Facility A”) and (b) a senior secured bridge facility in an aggregate principal amount of up to £151.5 million (“Bridge Facility B,” and together with Bridge Facility A, the “Bridge Facilities”). The purpose of Bridge Facility A is to provide funding for the financing, in full or in part, of the purchase price for the Marlin Acquisition and the payment of costs, fees and expenses in connection with the Marlin Acquisition, and was fully drawn on as of the closing of the Marlin Acquisition. The purpose of Bridge Facility B is to finance, in full or in part, the repurchase of any bonds tendered in any change of control offer required to be made to the holders of the £150 million 10.5% Senior Secured Notes due 2020 issued by Marlin Intermediate Holdings plc (the “Marlin Bonds”) and the premium payable thereon. Bridge Facility B was intended to be utilized only to the extent that any holders of the Marlin Bonds elect to tender their Marlin Bonds within a defined period. That period has expired, no Marlin Bonds were tendered and Bridge Facility B has expired without drawdown. The Senior Secured Bridge Facilities Agreement also provides for uncommitted incremental facilities in an amount of up to £80.0 million for the purposes of financing future debt portfolio acquisitions. The Senior Secured Bridge Facilities have an initial term of one year and an extended term of 6.5 years if they are not repaid during the first year of issuance.

Prior to their initial maturity date, the rate of interest payable under the Senior Secured Bridge Facilities is the aggregate, per annum, of (i) LIBOR, plus (ii) an initial spread of 6.00% per annum (such spread stepping up by 50 basis points for each three-month period that the Senior Secured Bridge Facilities remain outstanding), not to exceed total caps set forth in the Senior Secured Bridge Facilities Agreement.

The Senior Secured Bridge Facilities are subject to mandatory prepayment with equity proceeds or the proceeds of other debt financings (subject to certain exceptions), at par prior to their initial maturity date. The Senior Secured Bridge Facilities have covenants that are substantially similar to those set forth in the Revolving Credit Facility (but prior to the initial maturity date, restricting the group from certain types of debt incurrence or restricted payments). The Senior Secured Bridge Facilities are guaranteed by all of the subsidiaries of Cabot Financial Limited other than Cabot Financial Holdings and share in the collateral granted to the existing senior secured notes issued by Cabot Financial (Luxembourg) S.A. on a *pari passu* basis. The events of default under the Senior Secured Bridge Facilities are substantially similar to those set forth in the Revolving Credit Facility and include, among other things, payment and covenant breaches and insolvencies of Cabot Financial Holdings or significant subsidiaries.

### **Restated Credit Agreement**

On February 25, 2014, Encore amended its Restated Credit Agreement. The Restated Credit Agreement includes a revolving credit facility tranche of \$692.6 million, a term loan facility tranche of \$153.8 million, and an accordion feature that would allow the Company to increase the revolving credit facility by an additional \$250.0 million. Including the accordion feature, the maximum amount that can be borrowed under the Restated Credit Facility is \$1.1 billion. The Restated Credit Agreement has a five-year maturity, expiring in February 2019, except with respect to two subtranches of the term loan facility of \$60.0 million and \$6.3 million, expiring

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in February 2017 and November 2017, respectively. Refer to Note 10, “Debt,” for additional information related to the Restated Credit Agreement.

***Acquisition of Grove Holdings***

On February 22, 2014, the Company agreed to acquire approximately 68.2% of equity ownership interest in Grove Holdings (“Grove”). Grove, through its subsidiaries, is a leading specialty investment firm focused on consumer non-performing loans, including insolvencies in the United Kingdom (in particular, individual voluntary arrangements, or IVAs) and non-bank receivables in Spain. The transaction is subject to regulatory approval and is anticipated to close in the first quarter of 2014.

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MARLIN INTERMEDIATE HOLDINGS PLC,  
as Issuer

MARLIN FINANCIAL GROUP LIMITED,  
as MFG and as a Guarantor

MARLIN FINANCIAL INTERMEDIATE LIMITED,  
as MFI and as a Guarantor

MARLIN FINANCIAL INTERMEDIATE II LIMITED,  
as the Company and as a Guarantor

THE SUBSIDIARY GUARANTORS PARTIES HERETO,  
£150,000,000 of 10.5% Senior Secured Notes due 2020

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INDENTURE  
July 25, 2013

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THE BANK OF NEW YORK MELLON, LONDON BRANCH,  
as Trustee

THE BANK OF NEW YORK MELLON, LONDON BRANCH,  
as Principal Paying Agent and Transfer Agent

THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.,  
as Registrar

THE ROYAL BANK OF SCOTLAND PLC,  
as Security Agent

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EXHIBITS

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Exhibit C FORM OF CERTIFICATE OF EXCHANGE

Exhibit D FORM OF SUPPLEMENTAL INDENTURE

Exhibit E AGREED SECURITY PRINCIPLES

INDENTURE dated as of July 25, 2013 among MARLIN INTERMEDIATE HOLDINGS PLC, a public limited company incorporated in England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the “Issuer”), MARLIN FINANCIAL GROUP LIMITED, a private limited company organized under the laws of England and Wales (together with its successors and assigns, “MFG”), MARLIN FINANCIAL INTERMEDIATE LIMITED, a private limited company organized under the laws of England and Wales (together with its successors and assigns, “MFI”), MARLIN FINANCIAL INTERMEDIATE II LIMITED, a private limited company organized under the laws of England and Wales (together with its successors and assigns, the “Company”), certain subsidiaries of the Company from time to time parties hereto, THE BANK OF NEW YORK MELLON, LONDON BRANCH, as trustee (the “Trustee”), THE BANK OF NEW YORK MELLON, LONDON BRANCH, as principal paying agent and transfer agent (the “Principal Paying Agent” and the “Transfer Agent,” respectively), THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A., as registrar (the “Registrar”) and ROYAL BANK OF SCOTLAND PLC, as security agent (the “Security Agent”).

Each party agrees as follows for the benefit of each other and for the other parties and for the equal and ratable benefit of the Holders (as defined herein) of the 10.5% Senior Secured Notes due 2020 (the “Notes”).

## ARTICLE I

### Definitions and Incorporation by Reference

#### SECTION 1.01. Definitions.

“144A Global Note” means a Global Note substantially in the form of Exhibit A hereto bearing the applicable Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the respective Depository therefor or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

“Acquired Indebtedness” means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

“Additional Assets” means:

- (1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary engaged in a Similar Business.

“Additional Notes” means additional notes (other than the Initial Notes) having identical terms and conditions to the Notes (except for payment of interest accruing prior to the issue date of such Additional Notes or for the first payment of interest following the issue date of such Additional Notes) that may be issued from time to time under this Indenture in accordance with the terms hereof, including Sections 2.02 and 4.09 hereof. Any Additional Notes shall be treated with the Notes as a single class and shall vote on all matters with the Notes.

“Affiliate” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control,” when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agent” means any Authentication Agent, Registrar, co-registrar, Transfer Agent, Principal Paying Agent or additional paying agent.

“Agreed Security Principles” means the agreed security principles as set out in Exhibit E as in effect on the Issue Date, as applied reasonably and in good faith by the Company.

“Applicable Premium” means, with respect to any Note on any redemption date, the greater of:

- (1) 1.0% of the principal amount of such Note; or
- (2) the excess of:

(i) the present value at such redemption date of (x) the redemption price of such Note at August 1, 2016 (such redemption price being set forth in Section 3.07(a)), plus (y) all required interest payments due on such Note through August 1, 2016 (excluding accrued but unpaid interest), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over

(ii) the outstanding principal amount of such Note;

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate; provided, however, that such calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or Paying Agent.

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository with respect thereto that apply to such transfer or exchange.

“Asset Disposition” means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors’ qualifying shares), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; provided that the sale, conveyance or other disposition of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by Section 4.15 or Article V and not by Section 4.10. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;
- (2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (3) a disposition of Portfolio Assets, or inventory or other assets, in each case, in the ordinary course of business including into a trust in favor of third parties or otherwise;
- (4) a disposition of obsolete, surplus or worn out equipment, or equipment or other property that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;
- (5) transactions permitted under Section 5.01(a) or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than the greater of (i) £1.8 million and (ii) 1.5 % of Total Assets;

(8) any Restricted Payment that is permitted to be made, and is made, under Section 4.07 and the making of any Permitted Payment or Permitted Investment or, solely for purposes of Section 4.10(a)(3), asset sales, in respect of which (and only to the extent that) the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of Receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(14) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind; and

(15) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and leaseback transactions, finance leases, asset securitizations and other similar financings permitted by this Indenture (where the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (15), does not exceed the greater of (i) £1.8 million and (ii) 1.5% of Total Assets).

“Associate” means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary.

“Authorized Person” means any person who is designated in writing by the Issuer from time to time to give instructions to the Trustee or an Agent under this Indenture.

“Bankruptcy Law” means (a) the U.K. Insolvency Act 1986 or any other bankruptcy, insolvency, liquidation or similar laws of general application and (b) the United States Bankruptcy Code of 1978 or any similar U.S. federal or state law for the relief of debtors.

“Board of Directors” means (1) with respect to the Company, the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of this Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom, New York, New York, United States or Luxembourg are authorized or required by law to close; provided, however, that for any payments to be made under this Indenture, such day shall also be a day on which the second generation Trans-European Automated Real-time Gross Settlement Express Transfer (“TARGET2”) payment system is open for the settlement of payments.

“Capital Stock” of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligation” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of GAAP as in effect on the Issue Date. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP as in effect on the Issue Date, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Cash Equivalents” means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union (other than Greece, Cyprus, Ireland and Portugal), Switzerland or Norway or, in each case, any agency or instrumentality of thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers’ acceptances (in each case, including any such deposits made pursuant to any sinking fund established by the Company or any Restricted Subsidiary) having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least “A-1” or the equivalent thereof by S&P or at least “P-1” or the equivalent thereof by Moody’s (or if at the

time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £500 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by S&P or “P-2” or the equivalent thereof by Moody’s or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Union (other than Greece, Cyprus and Portugal), Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody’s or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or Preferred Stock issued by Persons with a rating of “BBB–” or higher from S&P or “Baa3” or higher from Moody’s (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union (other than Greece, Cyprus and Portugal), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

“Change of Control” means:

(1) the Company becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) that any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, provided that for the purposes of this clause, any holding company whose only asset is the Capital Stock of the Company will not itself be considered a “person” or “group”;

(2) following the Initial Public Offering of the Company or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of the Company or any Parent or whose nomination for election by shareholders of the Company or any Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the Company or any Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent, then in office;

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Company;

provided that a Change of Control pursuant to clause (1) of this definition shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

“Clearstream” means Clearstream Banking, *société anonyme*, or any successor securities clearing agency.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Collateral” means all property and assets, whether now owned or hereafter acquired, in which Liens are, from time to time, purported to be granted to secure the Notes and the Note Guarantees pursuant to the Security Documents.

“Common Depositary” means The Bank of New York Mellon, London Branch, as common depositary for Euroclear and Clearstream as depositary for the Global Notes, together with its successors in such capacity.

“Commodity Hedging Agreements” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

“Company” has the meaning assigned to it in the preamble to this Indenture, together with its successors and assigns.



“Company Guarantee” means the guarantee of the Notes by the Company.

“Consolidated EBITDA” for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Fixed Charges plus, to the extent not already included or added back, any costs associated with Hedging Obligations or derivatives;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization expense, including any amortization of Portfolio Assets;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; provided that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by this Indenture (in each case whether or not successful) (including any such fees, expenses or charges related to the Transactions), in each case, as determined in good faith by an Officer of the Company;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting, employment and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by Section 4.11 not exceeding £1.0 million; and

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

“Consolidated Income Taxes” means Taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding Taxes) and Corporation Tax and franchise Taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

“Consolidated Interest Expense” means, with respect to any Person for any period, without duplication, (1) interest payable (whether in cash or capitalized) on Financial Indebtedness of such Person and its Restricted Subsidiaries for such period, plus (i) any amortization of debt discount with respect to such Indebtedness and (ii) any commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing or bank guarantees, but, in each case, excluding any expense associated with Subordinated Shareholder Funding less (2) interest income for such period.

“Consolidated Leverage” means the sum of the aggregate outstanding Financial Indebtedness of the Company and its Restricted Subsidiaries as of the relevant date of calculation on a consolidated basis in accordance with GAAP.

“Consolidated Leverage Ratio” means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available; provided, however, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a “Sale”) or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; provided that if any such Sale constitutes “discontinued operations” in accordance with the then applicable GAAP, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a “Purchase”), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company

or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense, Consolidated Net Income and Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including, to the extent applicable in respect of cost reduction synergies and cost savings, in each case, actually realized by the applicable date of determination) and (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

“Consolidated Net Income” means, for any period, the profit (loss) on ordinary activities after taxation of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of GAAP; provided, however, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company’s equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents (x) actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or (y) but only for the purpose of determining the amount available for Restricted Payments under Section 4.07(a)(4)(C)(i) that could have been distributed, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under Section 4.07(a)(4)(C)(i), any profit (loss) on ordinary activities after taxation of any Restricted Subsidiary (other than the Issuer or any Guarantor) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, the Issuer or a Subsidiary Guarantor by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to or permitted under the New Revolving Credit Facility Agreement, the Notes or this Indenture, and (c) restrictions specified in Section 4.08(b)(11)(i)), except that the Company’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge (as determined in good faith by the Company), or any charges or reserves in respect of any restructuring, redundancy or severance expense;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets 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 Company and the Restricted Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in-process research and development);

(12) any goodwill or other intangible asset impairment charge or write-off; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

“Contingent Obligations” means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“Credit Facility” means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the New Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended from time to time (whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the New Revolving Credit Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

“Custodian” means, in the case of any Global Note held through Euroclear or Clearstream, the Common Depository.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“Definitive Note” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend or the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“Depository” means, with respect to any Global Note, the Person specified in Section 2.03 hereof as the Depository with respect to such Global Note or any successor thereto appointed as Depository hereunder and having become such pursuant to the applicable provision of this Indenture.

“Designated Non-Cash Consideration” means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Section 4.10.

“Designated Preference Shares” means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as “Designated Preference Shares” pursuant to an Officer’s Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in Section 4.07(a)(4)(C)(ii).

“Disinterested Director” means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest solely by reason of such member’s holding Capital Stock of the Company or any Parent or any options, warrants or other rights in respect of such Capital Stock.

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; provided, however, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with Section 4.07.

“Duke Street” means Duke Street LLP.

“Equity Investors” means Duke Street, funds managed by Duke Street or any of its or their Affiliates, or any co-investment vehicle managed by Duke Street or any of its or their Affiliates.

“Equity Offering” means (x) a public sale of Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares and other than an Excluded Contribution) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the public sale of Capital Stock or other securities of MFG or MFI, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or any of its Restricted Subsidiaries.

“ERC” means, for any date of calculation, the aggregate amount of estimated remaining gross collections projected to be received by the Company and its Restricted Subsidiaries from all Portfolio Assets owned by the Company and its Restricted Subsidiaries during the period of 84 months, as calculated by the Portfolio ERC Model, as at the last day of the month most recently ended prior to the date of calculation.

“Escrowed Proceeds” means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term “Escrowed Proceeds” shall include any interest earned on the amounts held in escrow.

“Euroclear” means Euroclear Bank SA/NV or any successor securities clearing agency.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“Excluded Contribution” means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Company. The Excluded Shareholder Contribution may not be designated as an Excluded Contribution.

“Excluded Shareholder Contribution” means (i) the aggregate cash amount of up to £16.3 million contributed by the Parent or an Affiliate of the Parent to the Company or a Restricted Subsidiary on or within 90 days of the Issue Date and (ii) any other contribution or payment by the Parent or an Affiliate of the Parent to the Company or a Restricted Subsidiary made on or about the Issue Date, in each case that corresponds to the whole or part of the proceeds from the Offering paid or otherwise distributed to the Shareholders of the Company on the Issue Date.

“Existing Revolving Credit Facility” means the £80 million senior secured revolving credit facility under the facility agreement originally dated October 30, 2012, and as amended and restated on February 14, 2013, among MFG, certain subsidiaries of MFG, The Royal Bank of Scotland plc and Investec Bank plc, as arrangers, The Royal Bank of Scotland plc, as security agent, and the other parties named therein.

“fair market value” may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“Financial Indebtedness” means any Indebtedness described under clauses (1), (2), (4), (5), (6) and (7) of the definition of “Indebtedness.”

“Fixed Charge Coverage Ratio” means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recently completed four consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements of such Person are available to the Fixed Charges of such Person and its Restricted Subsidiaries for such four consecutive fiscal quarters. In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than, in the case of redemption, defeasance, retirement or extinguishment, Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage



Ratio is made (the "Fixed Charge Coverage Ratio Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; provided, however, that the pro forma calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Fixed Charge Coverage Ratio Calculation Date pursuant to the provisions described in Section 4.09(b) or (ii) the discharge on the Fixed Charge Coverage Ratio Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in Section 4.09(b).

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations that have been made by the Company or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued any operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (including, to the extent applicable, cost reduction synergies and cost savings, in each case, actually realized by the applicable determination date). 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 Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. 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 Company may designate.

“Fixed Charges” means, with respect to any Person for any period, the sum of:

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash and non-cash dividends or other distributions payable (excluding items eliminated in consolidation) on any series of Preferred Stock during such period;

(3) all cash and non-cash dividends or other distributions payable (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period; and

(4) any interest expense on Indebtedness of another person that is guaranteed by such Person or its Restricted Subsidiaries or secured by a Lien on assets of such Person or its Restricted Subsidiaries, but only to the extent such guarantee or Lien is called upon,

determined on a consolidated basis in accordance with GAAP.

“GAAP” means generally accepted accounting principles in the United Kingdom as in effect on the date of any calculation or determination required hereunder. Except as otherwise set forth in this Indenture, all ratios and calculations based on GAAP contained in this Indenture shall be computed in accordance with GAAP. At any time after the Issue Date, the Company may elect to establish that GAAP shall mean UK GAAP as in effect on or prior to the date of such election; provided that any such election, once made, shall be irrevocable. At any time after the Issue Date, the Company may elect to apply IFRS accounting principles in lieu of UK GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Indenture), including as to the ability of the Company to make an election pursuant to the previous sentence; provided that any such election, once made, shall be irrevocable; provided further, that any calculation or determination in this Indenture that requires the application of UK GAAP for periods that include fiscal quarters ended prior to the Company’s election to apply IFRS shall remain as previously calculated or determined in accordance with UK GAAP; provided further, however, that the Company may only make such election if it also elects to prepare any subsequent financial reports required to be made by the Company, including pursuant to Section 4.03, in IFRS. The Company shall give notice of any such election made in accordance with this definition to the Trustee and the Holders.

“Gilt Rate” means, as of any redemption date, the yield to maturity as of such redemption date of United Kingdom government securities with a fixed maturity (as compiled by the debt management office statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to August 1, 2016; provided, however, that if the period from such redemption date to August 1, 2016 is less than one year, the weekly average yield on actually traded United Kingdom government securities denominated in sterling adjusted to a fixed maturity of one year shall be used.

“Global Notes” means, individually and collectively, the Global Notes, substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the “Schedule of Exchange of Interests in the Global Note” attached thereto) issued in accordance with Section 2.01 or 2.06 hereof.

“Global Note Legend” means the legend set forth in Section 2.06(g), which is required to be placed on all Global Notes issued under this Indenture.

“Governmental Authority” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided, however, that the term “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Guarantor” means MFG (and any successor obligor under the MFG Guarantee), MFI (and any successor obligor under the MFI Guarantee), the Company (and any successor obligor under the Company Guarantee) and any Restricted Subsidiary that Guarantees the Notes.

“HayFin Facility” means the £18.7 million senior secured term loan facility under the facility agreement dated September 26, 2012, among MFG, certain subsidiaries of MFG, Haymarket Financial Luxembourg 3 S.à r.l and Haymarket Financial LLP, as amended.

“Hedging Obligations” of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a “Hedging Agreement”) including any credit support annex or similar credit support arrangement entered into in connection with any such Hedging Agreement.

“Holder” means each Person in whose name the Notes are registered on the Registrar’s books, which shall initially be the nominee of the common depositary for Euroclear and Clearstream.

“IFRS” means the International Financial Reporting Standards (formerly, International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; provided that at any date after the Issue Date the Company may make an irrevocable election to establish that “IFRS” shall mean IFRS as in effect on a date that is on or prior to the date of such election. The Company shall give notice of any such election to the Trustee.

“Immaterial Subsidiary” means any Restricted Subsidiary that (i) has not guaranteed, or is not a co-obligor under, any other Indebtedness of the Issuer or any Guarantor and (ii) (A) has Total Assets (as determined in accordance with GAAP) of less than 5% of the Company’s consolidated Total Assets and (B) has Consolidated EBITDA of less than 5% of the Company’s Consolidated EBITDA (in each case, measured (i) for the four quarters ended most recently for which internal financial statements are available, (ii) on a pro forma basis giving effect to any acquisitions or depositions of companies, division or lines of business since such balance sheet date or the start of such four quarter period, as applicable and (iii) on the basis of management accounts and excluding intercompany balances, investments in subsidiaries and joint ventures and intangible assets).

“Incur” means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms “Incurred” and “Incurrence” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be “Incurred” at the time any funds are borrowed thereunder.

“Indebtedness” means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);

(4) Capitalized Lease Obligations of such Person;

(5) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary (other than the Issuer), any Preferred Stock (but excluding, in each case, any accrued dividends);

(6) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;

(7) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(8) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Issue Date, any asset retirement obligations, prepayments or deposits received from clients or customers, in each case, in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in this Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (5), (6) or (8) above) shall be (a) in the case of any Indebtedness issued with original issue discount, the amount in respect thereof that would appear on the balance sheet of such Person in accordance with GAAP and (b) the principal amount of the Indebtedness, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business;

(ii) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes; or

(iv) Indebtedness of a Trust Management SPV where the proceeds of such Indebtedness are used to finance the purchase of assets to be held in such trust; provided that the incurrence of such Indebtedness is without recourse to and contains no obligation on the Company or any other Restricted Subsidiary or any of their assets in any way.

“Indenture” means this Indenture, as amended or supplemented from time to time.

“Independent Financial Advisor” means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; provided, however, that such firm or appraiser is not an Affiliate of the Company.

“Indirect Participant” means a Person who holds a beneficial interest in a Global Note through a Participant.

“Initial Notes” means the £150,000,000 aggregate principal amount of Notes issued under this Indenture on the date hereof.

“Initial Purchasers” means the initial purchasers listed on schedule 1 to the purchase agreement entered into in connection with the offer and sale of the Notes on July 18, 2013, and any similar purchase agreement in connection with any Additional Notes.

“Initial Public Offering” means an Equity Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the “IPO Entity”) following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“Instructions” means any written notices, written directions or written instructions received by the Trustee or any of the Agents in accordance with the provisions of this Indenture from an Authorized Person or from a person reasonably believed by the Trustee or any of the Agents to be an Authorized Person.

“Intercreditor Agreement” means the intercreditor agreement to be dated on or about the Issue Date made between the Company, the Issuer, the Subsidiary Guarantors, the Security Agent, the agent for, and the lenders under, the New Revolving Credit Facility, the Trustee and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

“Interest Rate Agreement” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

“Investment” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any purchase of Portfolio Assets in the ordinary course of business or debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase

or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of GAAP; provided, however, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in Section 4.07(c).

For purposes of Section 4.07:

(1) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a re-designation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such re-designation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"Investment Grade Securities" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union (other than Greece, Cyprus and Portugal), or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

“Investment Grade Status” shall occur when the Notes receive both of the following:

- (1) a rating of “BBB–” or higher from S&P; and
- (2) a rating of “Baa3” or higher from Moody’s;

or the equivalent of such ratings by either such rating organizations or, if no rating of Moody’s or S&P then exists, the equivalent of such applicable rating by any other Nationally Recognized Statistical Rating Organization.

“IPO Entity” has the meaning given to it in the definition of “Initial Public Offering.”

“IPO Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interest are sold in such Initial Public Offering.

“Issue Date” means July 25, 2013.

“Issuer” has the meaning assigned to it in the preamble to this Indenture.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“Losses” means any and all claims, losses, liabilities, damages, costs, expenses and judgments (including legal fees and expenses) sustained or incurred by either party.

“Management Advances” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary:

- (1) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business;
- (2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or
- (3) not exceeding £0.5 million in the aggregate outstanding at any time.



“Management Investors” means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

“Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“MFG Guarantee” means the guarantee of the Notes by MFG.

“MFI Guarantee” means the guarantee of the Notes by MFI.

“Moody’s” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“Nationally Recognized Statistical Rating Organization” means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

“Net Available Cash” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which are required by applicable law to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

“Net Cash Proceeds”, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions).

“New Revolving Credit Facility” means the senior secured revolving credit facility agreement dated on or around the Issue Date among the Company, the Security Agent, Investec Bank plc as facility agent and the other parties named therein, as amended, supplemented, refinanced, replaced or otherwise modified from time to time.

“Note Documents” means the Notes (including Additional Notes), this Indenture, the Intercreditor Agreement and the Security Documents.

“Note Guarantees” means the MFG Guarantee, the MFI Guarantee and the Company Guarantee, together with the Subsidiary Note Guarantees and, for the avoidance of doubt, includes any Additional Note Guarantee.

“Notes” has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and any Additional Notes shall be treated as a single class for all purposes under this Indenture, and, unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

“Offering Memorandum” means the offering memorandum dated July 18, 2013, relating to the offering of the Initial Notes.

“Officer” means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an “Officer” for the purposes of this Indenture by the Board of Directors of such Person.

“Officer’s Certificate” means, with respect to any Person, a certificate signed by one Officer of such Person.

“Opinion of Counsel” means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

“Parent” means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

“Parent Expenses” means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, this Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent or any Equity Investor or any of its Affiliates related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries (including, without limitation, accounting, legal, corporate reporting, and administrative expenses as well as payments made pursuant to secondment, employment or similar agreements entered into between the Company and/or any of its Restricted Subsidiaries and/or any Parent and any Equity Investor or any of its Affiliates or any employee thereof), (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, of the Issuer by any Parent, (c) any taxes and other fees and expenses required to maintain such Parent’s corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to officers and employees of such Parent and (d) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent;

(5) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries in an amount not to exceed £1.0 million in any fiscal year;

(6) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

(x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary,

(y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or

(z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(7) any income taxes, to the extent such income taxes are attributable to the income of the Company and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries.

“Pari Passu Indebtedness” means Indebtedness of the Company (other than Indebtedness of the Company pursuant to the New Revolving Credit Facility and Priority Hedging Obligations) or any Guarantor if such Guarantee ranks equally in right of payment to the Note Guarantees which, in each case, is secured by Liens on the Collateral.

“Participant” means, with respect to any Depository, a Person who is a participant of or has an account with such Depository.

“Paying Agent” means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

“Permitted Asset Swap” means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; provided that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with Section 4.10.

“Permitted Collateral Liens” means (A) Liens on the Collateral described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), (14), (18), (19), (20), (21), (22), (23) and (25) of the definition of “Permitted Liens,” (B) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under Section 4.09(b)(1), 4.09(b)(2) (in the case of 4.09(b)(2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of “Permitted Collateral Liens”), 4.09(b)(4)(a), 4.09(b)(6) or 4.09(b)(11); provided, however, that any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) all other Liens on such Collateral securing the Notes and the Note Guarantees (except that a Lien in favor of Indebtedness incurred under Section 4.09(b)(1) and a Lien in favor of Priority Hedging Obligations may have super priority in respect of the proceeds from any realization or enforcement of the Collateral on terms not materially less favorable to the Holders than that accorded to the New Revolving Credit Facility on the Issue Date as provided in the Intercreditor Agreement as in effect on the Issue Date), (C) Liens on the Collateral securing Indebtedness of the Company or a Guarantor incurred under Section 4.09(a); provided that, in the case of this clause (C), (x) after giving effect to such incurrence on that date, the Secured LTV Ratio is less than 0.6 and (y) any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) all other Liens on such Collateral securing the Notes and the Note

Guarantees or (D) Liens on Collateral securing Refinancing Indebtedness in respect of any Indebtedness secured pursuant to the foregoing clauses (A), (B) and (C) provided that any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) all other Liens on such Collateral securing the Notes and the Note Guarantees (except as otherwise permitted in clause (B)). To the extent that a Lien on the Collateral consists of a mortgage over any real estate located in the United Kingdom, it shall constitute a Permitted Collateral Lien only to the extent that a mortgage ranking at least pari passu is granted in favor of the Security Agent for the benefit of the Trustee and the Holders.

“Permitted Holders” means, collectively, (1) the Equity Investors and any Affiliate or Related Person of any of them, (2) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture, (3) other than for purposes of Section 4.11(b)(12) in connection with the initial investment of any such Person in the Company and its Restricted Subsidiaries, any one or more Persons whose beneficial ownership would have constituted or resulted in a Change of Control but for the fact that such Change of Control is also a Specified Change of Control Event, (4) Senior Management and Related Persons and (5) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity. Any person or group that includes a Permitted Holder shall also be deemed to be a Permitted Holder, provided that Permitted Holders as defined in clauses (1), (2) and (4) above retain exclusive beneficial ownership and control of at least 50.1% of the total voting power of the Voting Stock of the Company beneficially owned by any group that becomes a Permitted Holder at any time as a result of the application of this sentence (without giving effect to the existence of such group or any other group).

“Permitted Investment” means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in Receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with Section 4.10;

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with Section 4.09;

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of £5.5 million and 4.5% of Total Assets; provided that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Section 4.07, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under Section 4.12;

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with Section 4.11(b) (except those described in Sections 4.11(b)(1), 4.11(b)(3), 4.11(b)(6), 4.11(b)(8), 4.11(b)(9), 4.11(b)(11) and 4.11(b)(12));

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with this Indenture;

(16) Guarantees not prohibited by Section 4.09 and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(17) Investments in Associates or Unrestricted Subsidiaries in an aggregate amount when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding not to exceed the greater of £4.3 million and 3.5% of Total Assets; and

(18) Investments in the Notes and any Additional Notes.

“Permitted Liens” means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen’s compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers’, warehousemen’s, mechanics’, landlords’, materialmen’s and repairmen’s or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes not yet delinquent or which are being contested in good faith by appropriate proceedings; provided that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers’ acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

- (7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under this Indenture;
- (8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property in accordance with Section 4.09(b)(7); provided that any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;
- (11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); provided, however, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); provided further, that such Liens do not extend to or cover any property or assets of the Company and its Restricted Subsidiaries other than (A) the property or assets acquired or (B) the property or assets of the person acquired, merged with or into or consolidated or combined with the Company or a Restricted Subsidiary;



(15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under this Indenture; provided that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;

(23) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(24) Liens which do not exceed £5.0 million at any one time outstanding;

(25) Liens on Capital Stock of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) Liens securing Permitted Purchase Obligations, provided that any such Lien is only over the assets and Capital Stock of the relevant Permitted Purchase Obligations SPV;

(27) Liens on Rights to Collect Accounts, performing accounts, sub-performing accounts, charged-off accounts, cash and bank accounts, loans, receivables, mortgages, debentures, claims or other similar assets or instruments held on trust for third parties; and

(28) Liens on Trust Management Assets; provided such liens do not secure any Indebtedness of the Company or any Restricted Subsidiary other than a Trust Management SPV.

“Permitted Purchase Obligations” means any Indebtedness Incurred by a Permitted Purchase Obligations SPV to finance or refinance the acquisition of Portfolio Assets purchased by such Permitted Purchase Obligations SPV, whether directly or through the acquisition of the Capital Stock of any Person owning such Portfolio, Assets or otherwise, in an aggregate principal amount not exceeding at the time of the incurrence of such Permitted Purchase Obligations, together with any other Indebtedness incurred pursuant to Section 4.09(b)(12) and then outstanding, 12.5% of the ERC of the Company and its Restricted Subsidiaries, calculated in good faith on a pro forma basis by management as of the date of purchase of such Portfolio Assets, provided that:

(1) except for the granting of a Lien described in clause (26) of the definition of “Permitted Liens,” no portion of any Permitted Purchase Obligations or any other obligations (contingent or otherwise) of the applicable Permitted Purchase Obligations SPV (i) is guaranteed by the Company or any other Restricted Subsidiary, (ii) is recourse to or obligates the Company or any other Restricted Subsidiary in any way, or (iii) subjects any property or asset of the Company or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(2) neither the Company nor any other Restricted Subsidiary has any obligation to maintain or preserve the applicable Permitted Purchase Obligations SPV’s financial condition or cause such entity to achieve certain levels of operating results; and

(3) such Permitted Purchase Obligation is secured (if at all) only over the assets of, and Capital Stock of, the relevant Permitted Purchase Obligations SPV.

“Permitted Purchase Obligations SPV” means a Wholly Owned Restricted Subsidiary (i) which engages in no activities other than the acquisition of Portfolio Assets, the Incurrence of Permitted Purchase Obligations to finance such acquisition and any business or activities incidental or related to such business and is set up in connection with the Incurrence of Permitted Purchase Obligations, (ii) to which the Company or any Restricted Subsidiary contributes, loans or otherwise transfers no amounts in excess of amounts required, after giving effect to the Incurrence of Permitted Purchase Obligations, to consummate the relevant purchase

of assets and amounts required for incidental expenses, costs and fees for the set-up and continuing operations of such Permitted Purchase Obligations SPV, and (iii) all the Capital Stock of which is held by a Wholly Owned Restricted Subsidiary which holds no other material assets.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, private limited company, government or any agency or political subdivision thereof or any other entity.

“PIK Facility” means the £25 million senior secured PIK facility under an agreement dated February 14, 2013, among MFG, certain subsidiaries of MFG, Fortress Investment Group (UK) Ltd and the Original Lenders listed on Schedule 1 thereto.

“Portfolio Assets” means all (a) Right to Collect Accounts, (b) performing, sub-performing or charged-off accounts, loans, receivables, mortgages, debentures and claims, and (c) other similar assets or instruments which, for the avoidance of doubt, shall in each case exclude any Trust Management Assets and any Right to Collect Accounts, performing accounts, sub-performing accounts, charged-off accounts, cash and bank accounts, loans, receivables, mortgages, debentures, claims or other similar assets or instruments which are or will (from acquisition) be held on trust for a third party which is not the Company or any Restricted Subsidiary.

“Portfolio ERC Model” means the models and methodologies that the Company uses to calculate the value of its ERC and those of its Subsidiaries, consistently with its most recent audited financial statements as of such date of determination.

“Preferred Stock”, as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Priority Hedging Obligations” means designated Hedging Obligations in an aggregate amount outstanding at any time of up to £5 million.

“Private Placement Legend” means the legend set forth in Section 2.06(g)(1) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“Public Debt” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional and other investors, in each case, that are not Affiliates of the Company, in accordance with Section 4(a)(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

“Public Market” means any time after:

- (1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £50 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

“Public Offering” means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“Purchase Money Obligations” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“Receivable” means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of GAAP.

“refinance” means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms “refinances,” “refinanced” and “refinancing” as used for any purpose in this Indenture shall have a correlative meaning.

“Refinancing Indebtedness” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of this Indenture or Incurred in compliance with this Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced, provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary; and

(4) if the Issuer or any Subsidiary Guarantor is the obligor on the Indebtedness being refinanced, such Refinancing Indebtedness is incurred either by the Issuer or such Subsidiary Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred within 120 days after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

“Regulation S” means Regulation S promulgated under the Securities Act.

“Regulation S Global Note” means a Global Note bearing the applicable Global Note Legend and the Private Placement Legend and deposited with or on behalf of the respective Depositary (or the Common Depositary) therefor and registered in the name of the respective Depositary (or the Common Depositary) therefor or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903.

“Related Person” with respect to any Equity Investor or Senior Management, means:

(1) any controlling equity holder or Subsidiary of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individuals and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of the Equity Investors any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

“Related Taxes” means:

(1) any Taxes (other than (x) Taxes measured by gross or net income, receipts or profits and (y) withholding Taxes), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding; or

(c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any consolidated or combined Taxes measured by income for which such Parent is liable up to an amount not to exceed the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries; provided that distributions shall be permitted in respect of the income of an Unrestricted Subsidiary only to the extent such Unrestricted Subsidiary distributed cash for such purpose to the Company or its Restricted Subsidiaries.

"Relevant Net Debt" means (x) the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries as of the relevant date of determination on a consolidated basis in accordance with GAAP less (y) cash and Cash Equivalents of the Company and its Restricted Subsidiaries as of such date (other than cash or Cash Equivalents in an amount equal to amounts collected by the Company and its Restricted Subsidiaries on behalf of third-party clients and held by the Company and its Restricted Subsidiaries as of such date and cash and Cash Equivalents that constitute Trust Management Assets or are held on trust for a beneficiary, which is not the Company or a Restricted Subsidiary). In determining Relevant Net Debt in connection with a Change of Control, Relevant Net Debt shall be determined on a pro forma basis for the relevant transaction and the incurrence of any Indebtedness and the use of any proceeds of such Indebtedness, in each case related thereto; provided that no cash or Cash Equivalents shall be included in the calculation of Relevant Net Debt that are, or are derived from, the proceeds of Indebtedness which is outstanding as of the calculation date; provided further that any cash and Cash Equivalents received by the Company or any of its Restricted Subsidiaries from the issuance or sale of its Capital Stock, Subordinated Shareholder Funding or other capital contributions subsequent to the Issue Date shall (to the extent they are taken into account in determining the amount available for Restricted Payments under such clauses) be excluded for purposes of making Restricted Payments and Permitted Payments, as applicable, under Sections 4.07(a)(4)(C)(ii) and 4.07(a)(4)(C)(iii), 4.07(b)(1) and 4.07(b)(13) to the extent such cash and Cash Equivalents are included in the calculation of Relevant Net Debt.

"Responsible Officer" means any officer within the corporate trust administration department of the Trustee, including any vice president, assistant vice president, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by such officers, or to whom any corporate trust matter is referred because of such individual's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Restricted Definitive Note” means a Definitive Note bearing the Private Placement Legend.

“Restricted Global Note” means a Global Note bearing the Private Placement Legend.

“Restricted Investment” means any Investment other than a Permitted Investment.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“Reversion Date” means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

“Right to Collect Account” means a performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim or other similar asset or instrument that is owned by a person that is not the Company or one of its Restricted Subsidiaries (a “Third Party”) and in respect of which (a) such Third Party is unable or unwilling to dispose of the relevant performing, sub-performing or charged-off account, loan, receivable, mortgage debenture or claim, or other similar asset or instrument to the Company or a Restricted Subsidiary; and (b) the Company or a Restricted Subsidiary is entitled to collect and retain substantially all of the amounts due under such performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim, or other similar asset or instrument or to receive amounts equivalent thereto.

“Rule 144” means Rule 144 promulgated under the Securities Act.

“Rule 144A” means Rule 144A promulgated under the Securities Act.

“Rule 902” means Rule 902 promulgated under the Securities Act.

“Rule 903” means Rule 903 promulgated under the Securities Act.

“Rule 904” means Rule 904 promulgated under the Securities Act.

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

“S&P” means Standard & Poor’s Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“Secured Indebtedness” means any Indebtedness secured by a Lien.

“Secured LTV Ratio” means, in respect of any date of calculation, the aggregate Secured Indebtedness of the Company and its Restricted Subsidiaries less cash and Cash Equivalents (other than cash or Cash Equivalents in an amount equal to amounts collected by the Company and its Restricted Subsidiaries on behalf of third-party clients and held by the Company and its Restricted Subsidiaries as of such date and cash and Cash Equivalents that constitute Trust Management Assets or are held on trust for a beneficiary which is not the Company or a Restricted Subsidiary) as of such date, divided by ERC; provided that ERC shall be adjusted to give effect to purchases or disposals of Portfolio Assets made since the last measurement date and prior to such date of calculation, on the basis of estimates made on a pro forma basis by management acting in good faith. In determining the Secured LTV Ratio in connection with the Incurrence of Indebtedness and the granting of a Lien, the Secured LTV Ratio shall be determined on a pro forma basis for the relevant transaction and the use of proceeds of such Indebtedness provided that no cash or Cash Equivalents shall be included in the calculation of the pro forma Secured LTV Ratio that are, or are derived from, the proceeds of Indebtedness in respect of which the pro forma calculation is to be made, except, for the avoidance of doubt, to the extent cash or Cash Equivalents will be expended in a transaction to which pro forma effect is given; provided further that any cash and Cash Equivalents received by the Company or any of its Restricted Subsidiaries from the issuance or sale of its Capital Stock, Subordinated Shareholder Funding or other capital contributions subsequent to the Issue Date shall (to the extent they are taken into account in determining the amount available for Restricted Payments under such clauses) be excluded for purposes of making Restricted Payments and Permitted Payments, as applicable, under Sections 4.07(a)(4)(C)(ii), 4.07(a)(4)(C)(iii), 4.07(b)(1) and 4.07(b)(13) to the extent such cash and Cash Equivalents are included in the calculation of the Secured LTV Ratio.

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

“Security Agent” means The Royal Bank of Scotland plc, as security agent under the Security Documents, and shall include its successor and assigns.

“Security Documents” means the Intercreditor Agreement, any debenture, any security over shares agreement and each other document under which collateral is pledged to secure the Notes.

“Senior Finance Documents” means the New Revolving Credit Facility Agreement and such other documents identified as “Senior Finance Documents” pursuant to the New Revolving Credit Facility Agreement.

“Senior Management” means any current (as of the Issue Date) or, to the extent any Voting Stock held by them was received in their capacity as such, former, officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who as of the Issue Date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent.

“Shareholder Funding” means the PIK notes and loan notes issued to Duke Street, certain other shareholders, current and former management and HMRC (in respect of withholding tax relating to certain PIK notes issued to Duke Street), in an aggregate amount of £52.7 million as at March 31, 2013.



“Significant Subsidiary” means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company’s and its Restricted Subsidiaries’ investments in and advances to the Restricted Subsidiary exceed 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company’s and its Restricted Subsidiaries’ proportionate share of the Total Assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company’s and its Restricted Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

“Similar Business” means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“Specified Change of Control Event” means the occurrence of any event that would constitute a Change of Control pursuant to clause (1) of the definition thereof; provided that any such event occurs prior to the 18-month anniversary of the Issue Date and immediately after the occurrence of such event and giving pro forma effect thereto, the Relevant Net Debt of the Company and its Restricted Subsidiaries does not exceed an amount equal to 50% of ERC as of such date; provided that ERC shall be adjusted to give effect to purchases or disposals of Portfolio Assets made since the last measurement date and prior to such date of calculation, on the basis of estimates made on a pro forma basis by management acting in good faith. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under this Indenture after the Issue Date.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“Sterling Equivalent” means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by the Company or the Trustee, the amount of sterling obtained by converting such currency other than sterling involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable currency other than sterling as published in *The Financial Times* in the “Currency Rates” section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Company) on the date of such determination.

“Subordinated Indebtedness” means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is either (i) unsecured or (ii) expressly subordinated in right of payment to the Notes pursuant to a written agreement.

“Subordinated Shareholder Funding” means any funds provided to the Company by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding;

provided further, however, that upon the occurrence of any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding, such Indebtedness shall constitute an incurrence of such Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Funding.

“Subsidiary” means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Subsidiary Guarantor” means a Restricted Subsidiary of the Company that guarantees the Notes.

“Subsidiary Note Guarantee” means the guarantee of the Notes by a Subsidiary Guarantor.

“Taxes” means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

“Temporary Cash Investments” means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state (other than Greece, Cyprus and Portugal), (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or

(b) direct obligations of any country recognized by the United States of America rated at least “A” by S&P or “A-1” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the New Revolving Credit Facility,

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in clause (1)(a) above, or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of £250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state (other than Greece, Cyprus and Portugal) or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union (other than Greece, Cyprus and Portugal), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250 million (or the foreign currency equivalent thereof) or whose long-term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

“Total Assets” means the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with GAAP as shown on the most recent balance sheet of such Person.

“Transactions” means the issuance of the Notes and the use of proceeds thereof to (i) pay transaction fees and expenses, (ii) repay or make distributions to repay all amounts outstanding under the Existing Revolving Credit Facility, the HayFin Facility and the PIK Facility and (iii) make an intercompany loan repayment to MFI, each as described in the “Use of proceeds” section of the Offering Memorandum and the entry into the New Revolving Credit Facility.

“Trust Management Assets” means Right to Collect Accounts, performing accounts, sub-performing accounts, charged-off accounts, loans, receivables, mortgages, debentures, claims, cash and bank accounts or other similar assets or instruments held by a Trust Management SPV on trust for a beneficiary which is not the Company or a Restricted Subsidiary.

“Trust Management SPV” means a Restricted Subsidiary whose purpose is managing Trust Management Assets and other activities necessary or ancillary to managing Trust Management Assets, including necessary to fulfill any obligations or duty of the Trust Management SPV as a trustee.

“Trustee” means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

“UK Government Obligations” means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

“Uniform Commercial Code” means the New York Uniform Commercial Code.

“Unrestricted Definitive Note” means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

“Unrestricted Global Note” means a Global Note substantially in the form of Exhibit A attached hereto that bears the applicable Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary therefor or its nominee, representing a series of Notes that do not bear and are not required to bear the Private Placement Legend.

“Unrestricted Subsidiary” means:

(1) any Subsidiary of the Company (other than the Issuer) that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), other than the Issuer, to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with Section 4.07.

Any such designation by the Board of Directors of the Company shall be conclusively evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company could Incur at least £1.00 of additional Indebtedness under Section 4.09(a) or (y) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would not be worse than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors shall be conclusively evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer’s Certificate certifying that such designation complied with the foregoing provisions.

“U.S. Person” means a U.S. Person as defined in Rule 902.

“Voting Stock” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“Wholly Owned Restricted Subsidiary” means a Restricted Subsidiary of the Company, all the Voting Stock of which (other than directors’ qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Restricted Subsidiary) is owned by the Company or another Wholly Owned Restricted Subsidiary.

“Working Capital Intercompany Loan” means any loan to or by the Company or any of its Restricted Subsidiaries to or from the Company or any of its Restricted Subsidiaries from time to time (i) for purposes of consolidated cash and tax management and working capital management and (ii) for a duration of less than one year.

SECTION 1.02. Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
“ <u>Additional Amounts</u> ”	2.13
“ <u>Additional Intercreditor Agreement</u> ”	12.05
“ <u>Additional Note Guarantee</u> ”	4.16
“ <u>Affiliate Transaction</u> ”	4.11
“ <u>Asset Disposition Offer</u> ”	4.10
“ <u>Asset Disposition Offer Amount</u> ”	4.10
“ <u>Asset Disposition Offer Period</u> ”	4.10
“ <u>Asset Disposition Purchase Date</u> ”	4.10
“ <u>Authentication Order</u> ”	2.02
“ <u>Authentication Agent</u> ”	2.02
“ <u>Change in Tax Law</u> ”	3.10
“ <u>Change of Control Offer</u> ”	4.15
“ <u>Change of Control Payment</u> ”	4.15
“ <u>Change of Control Payment Date</u> ”	4.15
“ <u>Covenant Defeasance</u> ”	8.03
“ <u>Duplicate Register</u> ”	2.02
“ <u>Event of Default</u> ”	6.01
“ <u>Excess Proceeds</u> ”	4.10
“ <u>Guaranteed Obligations</u> ”	11.01
“ <u>Initial Agreement</u> ”	4.08
“ <u>Initial Lien</u> ”	4.12
“ <u>Legal Defeasance</u> ”	8.02
“ <u>MFG</u> ”	Preamble
“ <u>MFI</u> ”	Preamble
“ <u>Payment default</u> ”	6.01(5)(b)
“ <u>Payor</u> ”	2.13
“ <u>Principal Paying Agent</u> ”	Preamble
“ <u>Register</u> ”	2.03
“ <u>Registrar</u> ”	2.03
“ <u>Relevant Taxing Jurisdiction</u> ”	2.13
“ <u>Restricted Payment</u> ”	4.07
“ <u>Successor Company</u> ”	5.01
“ <u>Suspension Event</u> ”	4.18
“ <u>Tax Redemption Date</u> ”	3.10
“ <u>Transfer Agent</u> ”	Preamble

SECTION 1.03. Rules of Construction. Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (c) “or” is not exclusive;
- (d) “including” means including without limitation;
- (e) words in the singular include the plural, and in the plural include the singular;
- (f) “will” shall be interpreted to express a command;
- (g) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time; and

(h) references to any person “acting reasonably” and correlative expressions shall be construed to mean “acting reasonably in the interests of the Holders and having regard to the duties of the Trustee to the Holders.”

## ARTICLE II

### The Notes

SECTION 2.01. Form and Dating. (a) General. The Notes shall be sterling-denominated 10.5% Senior Secured Notes due 2020. The Notes and the Trustee’s or Authentication Agent’s certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. The Initial Notes will initially be represented by the Global Notes, as defined below. Each Note will be dated the date of its authentication. The Notes shall be in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Issuer and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) Global Notes. Notes issued in global form will be substantially in the form of Exhibit A attached hereto (including the Global Note Legend thereon and the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend thereon and without the “Schedule of Exchanges of Interests in the Global Note”



attached thereto). Each Global Note will represent outstanding Notes of each such series as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian therefor, at the direction of the Trustee, in accordance with Section 2.06 hereof.

(c) Euroclear and Clearstream Procedures Applicable. The provisions of the “Operating Procedures of the Euroclear System” and “Terms and Conditions Governing Use of Euroclear” and the “General Terms and Conditions of Clearstream Banking” and “Customer Handbook” of Clearstream will be applicable to transfers of beneficial interests in the Global Notes that are held by Participants through Euroclear or Clearstream.

SECTION 2.02. Execution and Authentication. An Officer must sign the Notes for the Issuer by manual or facsimile signature.

If the Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual or facsimile signature of the Trustee or Authentication Agent. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

On the Issue Date, the Trustee (or the Authentication Agent (as defined herein below)) shall, upon receipt of a written order of the Issuer signed by an Officer (an “Authentication Order”), authenticate the Initial Notes for original issue up to £150,000,000 in aggregate principal amount of Notes and, upon delivery of any Authentication Order at any time and from time to time thereafter, the Trustee (or the Authentication Agent) shall authenticate Additional Notes for original issue, or Definitive Notes issued pursuant to Section 2.06 hereof, in an aggregate principal amount specified in such Authentication Order. Such Authentication Order shall specify the aggregate principal amount of Notes to be authenticated, the series and type of Notes, the date on which the Notes are to be authenticated, and the date from which interest on such Notes shall accrue, whether the Notes are to be issued as definitive Notes or Global Notes and whether or not the Notes shall bear any legend, or such other information as the Trustee may reasonably request. In addition, such Authentication Order shall include (a) a statement that the Persons signing the Authentication Order have (i) read and understood the provisions of this Indenture relevant to the statements in the Authentication Order and (ii) made such examination or investigation as is necessary to enable them to make such statements and (b) a brief statement as to the nature and scope of the examination or investigation on which the statements set forth in the Authentication Order are based.

The Trustee may appoint an authenticating agent (the “Authentication Agent”) acceptable to the Issuer to authenticate Notes. Such Authentication Agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such Authentication Agent. Any Authentication Agent has the same rights as any other Agent to deal with Holders or an Affiliate of the Issuer. Any such appointment shall be evidenced by an instrument signed by a Responsible Officer, a copy of which shall be furnished to the Issuer.

SECTION 2.03. Registrar and Paying Agent. The Issuer shall maintain offices or agencies where Notes may be presented for registration of transfer or for exchange (each, a “Registrar”) and offices or agencies where Notes may be presented for payment (each, a “Paying Agent”). Offices or agencies of the Paying Agent for the Notes shall be maintained in the City of London, England. The Issuer shall also maintain a Registrar with its offices in Luxembourg and a transfer agent with offices in the City of London, England. The Registrar, acting as agent of the Issuer solely for this purpose, shall keep a register of the Notes and of their transfer and exchange. The Issuer may appoint one or more co-registrars and one or more additional paying agents. The term “Registrar” includes any co-registrar and the term “Paying Agent” includes any additional paying agent. The Issuer may change any Paying Agent, Registrar or transfer agent without prior notice to any Holder. The Issuer shall notify the Trustee in writing of the name and address of any Paying Agent not a party to this Indenture. If the Issuer fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee, acting as agent of the Issuer solely for this purpose, shall act as such. The Issuer or any of its Subsidiaries, acting as agent of the Issuer solely for this purpose, may act as Paying Agent, Transfer Agent or Registrar.

The Issuer initially appoints Euroclear and Clearstream to act as a Depository with respect to the Global Notes. The Bank of New York Mellon, London Branch will act as the Custodian and the Common Depository for the Global Notes on behalf of Euroclear and Clearstream.

The Issuer initially appoints The Bank of New York Mellon, London Branch to act as the Principal Paying Agent and transfer agent and The Bank of New York Mellon (Luxembourg) S.A. to act as the Registrar. Each hereby accepts such appointments.

Subject to any applicable laws and regulations, the Issuer shall cause the Registrar to keep a register (the “Register”) at its office in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of ownership, exchange and transfer of the Notes. Such registration in the Register shall be conclusive evidence of the ownership of Notes. Included in the books and records for the Notes shall be notations as to whether such Notes have been paid, exchanged or transferred, cancelled, lost, stolen, mutilated or destroyed and whether such Notes have been replaced. In the case of the replacement of any of the Notes, the Registrar shall keep a record of the Note so replaced and the Note issued in replacement thereof. In the case of the cancellation of any of the Notes, the Registrar shall keep a record of the Note so cancelled and the date on which such Note was cancelled.

The Issuer shall enter into an appropriate agency agreement with any Paying Agent or co-Registrar not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of any such agent. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee may appoint a suitably qualified and reputable party to act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07.

Upon notice to the Trustee, the Issuer may change any Paying Agent, Registrar or Transfer Agent; provided, however, that in no event may the Issuer appoint a Paying Agent in any member state of the European Union where the Paying Agent would be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC regarding the taxation of savings income or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a daily newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (<http://www.bourse.lu>) in accordance with Section 13.02 and, in the case of Definitive Notes, in addition to such publication and posting, mail such notice by first-class mail to each Holder's registered address, as it appears on the Register, with a copy to the Trustee.

Payment of principal shall be made upon the surrender of Definitive Notes at the office of any Paying Agent. In the case of a transfer of a Definitive Note in part, upon surrender of the Definitive Note to be transferred, a Definitive Note shall be issued to the transferee in respect of the principal amount transferred and a Definitive Note shall be issued to the transferor in respect of the balance of the principal amount of the transferred Definitive Note at the office of any Transfer Agent.

The obligations of the Agents are several and not joint.

**SECTION 2.04. Paying Agent To Hold Money.** The Issuer shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and will notify the Trustee of any default by the Issuer in making any such payment. Money held by a Paying Agent need not be segregated, except as required by law, and in no event shall any Paying Agent be liable for interest on any money received by it hereunder. For the avoidance of doubt, any funds held by the Paying Agent as banker are not subject to UK FSA Client Money Rules. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon payment over to the Trustee, the Paying Agent will have no further liability for the money. Upon any bankruptcy or reorganization proceedings relating to the Issuer, The Bank of New York Mellon, London Branch will serve as Paying Agent for the Notes.

Notwithstanding any other provision of this Indenture, the Paying Agent shall be entitled to make a deduction or withholding from any payment which it makes under this Indenture for or on account of any FATCA Withholding Tax, or by virtue of the relevant holder failing to satisfy any certification or other requirements in respect of the Notes under FATCA, in which event the Paying Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount(s) so withheld or deducted. For the avoidance of doubt, the Principal Paying Agent shall have no obligation to

gross up any payment hereunder or pay any additional amount or otherwise indemnify a Holder as a result of such withholding tax. The Issuer hereby covenants with the Paying Agent, to the extent such information is available to the Issuer, that it will provide the Paying Agent with sufficient information so as to enable the Paying Agent to determine whether any payments to be made by it under or pursuant to this Indenture are withholdable payments as defined in section 1473(1) of the Code or otherwise defined in FATCA.

For the purposes of this Section 2.04:

“Code” shall mean the U.S. Internal Revenue Code of 1986, as amended;

“FATCA” shall mean sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or any intergovernmental agreement between the United States of America and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement); and

“FATCA Withholding Tax” shall mean any withholding or deduction pursuant to an agreement described in section 1471(b) of the Code or otherwise imposed pursuant to FATCA.

SECTION 2.05. Holder Lists. If the Trustee is the Registrar, the Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders.

Neither the Trustee nor any of its Agents will have any responsibility or be liable for any aspect of the records in relation to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 2.06. Transfer and Exchange. (a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the nominee of an applicable Depository to another nominee of the applicable Depository, or by the applicable Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Notes of a series will be exchanged by the Issuer for Definitive Notes if:

(1) in the case of any Global Note, the Issuer delivers to the Trustee notice from Euroclear and Clearstream that they are unwilling or unable to continue to act as clearing agencies and a successor Depository is not appointed by the Issuer within 120 days after the date of such notice from the Depository; or

(2) in the case of any Global Note, there has occurred and is continuing an Event of Default with respect to such Global Note and the Participant who owns a book-entry interest in such Global Note so requests in writing.

Upon the occurrence of any of the events listed in the preceding clause (1) of this Section 2.06(a), the Issuer shall execute, and the Trustee or the Authentication Agent shall, upon receipt of an Authentication Order, authenticate and deliver Definitive Notes of the series and in an aggregate principal amount equal to the principal amount of the applicable Global Note tendered in exchange therefor. The Issuer shall, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Trustee or the Authentication Agent for authentication and the Registrar for registration of the exchange and dispatch to the relevant Holders within 30 days of the relevant event. The Trustee or the Registrar shall, at the cost of the Issuer, deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Definitive Notes issued in exchange for beneficial interests in Global Notes pursuant to this Section 2.06(a) shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its Participants or Indirect Participants or otherwise, shall instruct the Trustee. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); provided, however, notable, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c), (d) or (e) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes will be effected through the applicable Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that transfers of beneficial interests in a Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person prior to the expiration of the 40 day “Distribution Compliance Period” under Regulation S, unless such person is a “Distributor” as defined in Rule 902. Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar both (i) a written order from a Participant or an Indirect Participant given to the applicable Depository in accordance with the Applicable Procedures directing the applicable Depository to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged, and (ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase.

Upon satisfaction of all the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(3) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in a 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in a Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the appropriate certifications in item (3) thereof;

and, in each such case, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected at a time when an Unrestricted Global Note has not yet been issued, the Issuer shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee (or the Authentication Agent) shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes. If any one of the events listed in clause (1) or (2) of Section 2.06(a) has occurred or the Issuer has elected pursuant to Section 2.06(a) to cause the issuance of Definitive Notes, transfers or exchanges of beneficial interests in a Global Note for a Definitive Note shall be effected, subject to the satisfaction of the conditions set forth in the applicable subclauses of this Section 2.06(c).

(1) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof; or

(D) if such beneficial interest is being transferred to the Issuer or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (4) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuer shall execute and, upon receipt of an Authentication Order, the Trustee (or the Authentication Agent) shall authenticate and deliver to the Person designated in the instructions a Restricted Definitive Note in the appropriate principal amount. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depository and the Participant or Indirect Participant. The Trustee shall deliver such Restricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only:

(A) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

(B) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof; or

(C) if the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the appropriate certifications in item (3) thereof,

and, in each such case set forth in this subparagraph (C), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuer shall execute and, upon receipt of an Authentication Order, the Trustee (or the Authentication Agent) shall authenticate and deliver to the Person designated in the instructions an



Unrestricted Definitive Note in the appropriate principal amount. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the applicable Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Unrestricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(1) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Restricted Definitive Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof; or

(D) if such Restricted Definitive Note is being transferred to the Issuer or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (4) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the appropriate 144A Global Note, and in the case of clause (C) or (D) above, the appropriate Regulation S Global Note.

(2) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only:

(A) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof;

(B) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof; or

(C) the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Note proposes to exchange such Restricted Definitive Note for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Restricted Definitive Note proposes to transfer such Restricted Definitive Note to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the appropriate certifications in item (3) thereof,

and, in each such case set forth in this subparagraph (C), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee shall cancel the Definitive Note and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Unrestricted Definitive Note for a beneficial interest in an Unrestricted Global Note or transfer such Unrestricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of the relevant Unrestricted Global Note.

If any such exchange or transfer from an Unrestricted Definitive Note to a beneficial interest is effected pursuant to this subparagraph (3) at a time when an Unrestricted Global Note has not yet been issued, the Issuer shall issue and, upon receipt of an Authentication Order, the Trustee or Authentication Agent shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Unrestricted Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar and duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of a Person who takes delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications required by item (3) thereof.

(2) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Note proposes to exchange such Restricted Definitive Note for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Note proposes to transfer such Restricted Definitive Note to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the appropriate certifications in item (3) thereof,

and, in each such case, if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(1) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Unrestricted Definitive Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) [Intentionally Omitted].

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend. (A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER FOR THE BENEFIT OF THE ISSUER AND THE GUARANTORS AND ANY OF THEIR SUCCESSORS IN INTEREST (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A US PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY [RULE 144] [REGULATION S] UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE DATE OF ORIGINAL ISSUE AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR THERETO) (THE "RESALE RESTRICTION TERMINATION DATE") RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE EXCEPT (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON THAT THE SELLER, AND ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-US PERSONS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION

UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. PROVIDED THAT THE ISSUER, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE US SECURITIES ACT OR PURSUANT TO CLAUSE (D) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE AND REGISTRAR TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES," AND "US PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT;

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraph (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) Global Note Legend. Each Global Note will bear a legend in substantially the following form:

THIS GLOBAL NOTE IS HELD BY THE COMMON DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE COMMON DEPOSITARY TO A NOMINEE OF THE COMMON DEPOSITARY OR BY A NOMINEE OF THE COMMON DEPOSITARY TO THE COMMON DEPOSITARY OR ANOTHER NOMINEE OF THE COMMON DEPOSITARY OR BY THE COMMON DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR COMMON DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR COMMON DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (WHICH SHALL INITIALLY BE THE BANK OF NEW YORK DEPOSITARY (NOMINEES) LIMITED) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges. (1) To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee (or the Authentication Agent) shall authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order or at the Registrar's request.

(2) No service charge will be made to a Holder of a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Issuer may require payment by any such Holder of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.09, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

(3) The Registrar will not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) The Issuer shall not be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuer shall be affected by notice to the contrary.

(7) The Trustee (or the Authentication Agent) shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

**SECTION 2.07. Replacement Notes.** If any mutilated Note is surrendered to the Trustee or the Issuer or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Issuer shall issue and the Trustee (or the Authentication Agent), upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Issuer, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuer to protect the Issuer, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuer may charge for its expenses in replacing a Note.

If, after the delivery of such replacement Note, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment or registration such original Note, the Trustee shall be entitled to recover such replacement Note from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer, the Trustee, any Agent and any authenticating agent in connection therewith.

Subject to the provisions of the final sentence of the preceding paragraph of this Section 2.07, every replacement Note is an obligation of the Issuer and shall be entitled to all the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

**SECTION 2.08. Outstanding Notes.** The Notes outstanding at any time are all the Notes authenticated by the Trustee or the Authentication Agent except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note; provided, however, that Notes held by the Issuer or a Subsidiary of the Issuer shall not be deemed to be outstanding for purposes of Section 3.07 hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser in whose hands such Note is a legal, valid and binding obligation of the Issuer.

If the entire principal amount and premium, if any, of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, and is not prohibited from paying such money to the Holders pursuant to the terms of this Indenture, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an Agent duly appointed in writing or may be embodied in or evidenced by an electronic transmission which identifies the documents containing the proposal on which such consent is requested and certifies such Holders' consent thereto and agreement to be bound thereby; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and where it is hereby expressly required, to the Issuer.



SECTION 2.09. Treasury Notes. In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer will be treated as though they are not outstanding.

SECTION 2.10. Temporary Notes. Until certificates representing Notes are ready for delivery, the Issuer may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate, temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Issuer considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuer shall prepare and the Trustee (or the Authentication Agent) shall authenticate Definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all the benefits of this Indenture.

SECTION 2.11. Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of such canceled Notes in its customary manner unless the Issuer directs the Trustee to deliver canceled Notes to the Issuer. The Issuer may not issue new Notes to replace Notes that it has redeemed or paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12. Defaulted Interest. If the Issuer defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, in accordance with the terms hereof, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Issuer shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuer shall fix or cause to be fixed each such special record date and payment date in a manner satisfactory to the Trustee; provided that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 10 days before the special record date, the Issuer shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13. Additional Amounts. (a) All payments made by the Issuer, a Successor Company or Guarantor (a "Payor") on the Notes or the Note Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) the United Kingdom or any political subdivision or Governmental Authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on any such Note or Note Guarantee is made by the Issuer, Successor Company, Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, engaged in business for tax purposes or otherwise considered to be a resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clauses (1), (2) and (3), a “Relevant Taxing Jurisdiction”),

will at any time be required from any payments made with respect to any Note or Note Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor shall pay (together with such payments) such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Note Guarantee in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, but not limited to, being a citizen or resident or national or domiciliary of, or the existence of a business, a permanent establishment, a dependent agent, a place of business or a place of management present or deemed present in the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or enforcement of rights hereunder or under a Note Guarantee or the receipt of any payment in respect thereof;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owners or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, in each case that is required by applicable law, regulation, treaty or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax; provided that in each case the Holder or beneficial owner is legally eligible to do so;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes or any Note Guarantee;

(4) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(5) any Taxes that are required to be deducted or withheld on a payment to an individual pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to such directive;

(6) any Taxes imposed on a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union;

(7) any Taxes imposed on or with respect to a payment to a Holder that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note;

(8) any Taxes imposed under sections 1471-1474 of the Code; or

(9) any combination of the above.

(b) Additional Amounts will also not be payable (x) to the extent the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required for payment) within 30 days after the relevant payment was first made available for payment to the Holder, except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30 day period or (y) where, had the beneficial owner of the Note been the Holder, except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30-day period, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (9) inclusive above, but only if there is no material cost or legal restriction associated with transferring the Note to such beneficial owner.

(c) The Payor shall (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor shall use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Company, and shall provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request. The Payor shall attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per £1,000 principal amount of the Notes.

(d) If any Payor becomes aware that it shall be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Note Guarantee, at least 30 days prior to the date of such payment, the Payor shall deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate promptly after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely on such Officer's Certificate without further inquiry, as conclusive proof that such payments are necessary.

(e) Wherever in this Indenture or the Note Guarantees there are mentioned, in any context:

- (1) the payment of principal;
- (2) purchase or redemption prices in connection with a purchase or redemption of Notes;
- (3) interest; or
- (4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts pursuant to this Section 2.13 to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

(f) The Payor shall pay any present or future stamp, court or documentary Taxes, or any other excise, property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, this Indenture, the Intercreditor Agreement, the Security Documents or any other document or instrument in relation thereto (other than present or future stamp, court or documentary Taxes or any other excise, property or similar Taxes that arise from or in connection with a transfer or exchange of the Notes in any jurisdiction) excluding any such Taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction.

(g) The foregoing obligations of this Section 2.13 will survive any termination, defeasance or discharge of this Indenture and will apply mutatis mutandis to any jurisdiction in which any successor to the Issuer or any Guarantor is organized or any political subdivision or taxing authority or agency thereof or therein.

SECTION 2.14. Currency Indemnity. (a) Pounds sterling is the sole currency of account and payment for all sums payable by the Issuer and any Guarantor under or in connection with the Notes or any Note Guarantee, as applicable, including damages. Any amount received or recovered in a currency other than pounds sterling, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any Guarantor will only constitute a discharge to the Issuer or such Guarantor to the extent of the pounds sterling amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

(b) If that pounds sterling amount is less than the pounds sterling amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors shall indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors shall indemnify the recipient or the Trustee against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

SECTION 2.15. Deposit of Moneys. No later than 10:00 a.m. London Time one Business Day prior to each due date of the principal of, interest and premium (if any) on any Note and the Stated Maturity date of the Notes, the Issuer shall deposit with the Principal Paying Agent in immediately available funds money sufficient to make cash payments, if any, due on such day or date, as the case may be, in a timely manner which permits the Trustee or relevant Paying Agent to remit payment to the Holders on such day or date, as the case may be. Subject to actual receipt of such funds as provided by this Section 2.15 by the designated Paying Agent, such Paying Agent shall make payments on the Notes in accordance with the provisions of this Indenture. The Issuer shall promptly notify the Trustee and the Paying Agents of its failure to so act.

### ARTICLE III

#### Redemption and Prepayment

SECTION 3.01. Notices to Trustee. If the Issuer elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least 10 days but not more than 60 days (or such shorter period as may be agreed by the Trustee) before notice of redemption is given to Holders, an Officer's Certificate setting forth:

- (a) the clause of this Indenture pursuant to which the redemption shall occur;
- (b) the record date for the redemption and the redemption date;
- (c) the principal amount, including make-whole premium, if any, of Notes to be redeemed; and
- (d) the redemption price.

SECTION 3.02. Selection of Notes To Be Redeemed or Purchased. If less than all the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee or the Registrar will select Notes for redemption or purchase as follows:

(a) if the applicable Notes are listed on any national securities exchange (including the Luxembourg Stock Exchange), in compliance with the requirements of the principal securities exchange on which they are listed, as certified to the Trustee and the Registrar by the Issuer and in compliance with the requirements of Euroclear and/or Clearstream; or

(b) if the applicable Notes are not listed on any national securities exchange or the relevant national securities exchange does not have any applicable requirements and the Notes are not held through Euroclear and/or Clearstream or Euroclear and/or Clearstream prescribes no method of selection, on a *pro rata* basis or a method which most nearly approximates *pro rata*, as the Trustee deems appropriate.

In the event of partial redemption or purchase, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 10 nor more than 60 days prior to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

The Trustee shall promptly notify the Issuer and the Registrar (if not the Issuer) in writing of the Notes selected for redemption or purchase and, in the case of any Notes selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in minimum amounts of £100,000 and integral multiples of £1,000 in excess thereof, except that if all the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of £1,000 (in excess of £100,000), shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Neither the Trustee nor the Registrar shall be liable for selections made by it under this Section 3.02.

SECTION 3.03. Notice of Redemption. So long as any series of the Notes is listed on the Luxembourg Stock Exchange and if required by the rules of the Luxembourg Stock Exchange, any notice of redemption shall be published in Luxembourg in a daily leading newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>). In addition, not less than 10 days but not more than 60 days before a redemption date if the Notes are in the form of Definitive Notes, the Issuer shall mail or cause to be mailed, by first class mail, postage pre paid, a notice of redemption to each Holder whose Notes are to be redeemed at their respective addresses as they appear on the registration books of the Registrar, except that redemption notices may be mailed more than 15 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes pursuant to Article VIII hereof or a satisfaction and discharge of this Indenture pursuant to Article X hereof.

The notice shall identify the Notes to be redeemed and shall state:

(a) the record date for the redemption and the redemption date;

(b) the redemption price;

(c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) that, unless the Issuer defaults in making such redemption payment or the relevant Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, interest on Notes called for redemption ceases to accrue on and after the redemption date, unless the redemption price is not paid on the redemption date;

(g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(h) that no representation is made as to the correctness or accuracy of the ISIN or Common Code number, if any, listed in such notice or printed on the Notes.

At the Issuer's direction, the Trustee shall give the notice of redemption in the Issuer's name and at its expense; provided, however, that the Issuer has delivered to the Trustee, at least 45 days prior to the redemption date (unless a shorter period shall be acceptable to the Trustee in its sole discretion), an Officer's Certificate directing the Trustee to give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

**SECTION 3.04. Effect of Notice of Redemption.** Once notice of redemption is mailed in accordance with Section 3.03 hereof, subject to Section 3.07(e), Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

**SECTION 3.05. Deposit of Redemption or Purchase Price.** No later than 10:00 a.m. London Time one Business Day prior to the redemption or purchase price date, the Issuer shall deposit with the Principal Paying Agent money sufficient to pay the redemption or purchase price of and accrued and unpaid interest, if any, and Additional Amounts, if any, on all Notes to be redeemed or purchased on that date other than Notes or portions of Notes called for redemption that have been delivered by the Issuer to the Trustee for cancellation. The Principal Paying Agent shall promptly return to the Issuer any money deposited with the Principal Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption or purchase price of, and accrued and unpaid interest, if any, and Additional Amounts, if any, on, all Notes to be redeemed or purchased. Neither the Trustee nor any Agent shall be required to pay out any money without first having been placed in funds.

If the Issuer complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase unless the relevant Paying Agent is prohibited from making such redemption payment pursuant to the terms of this Indenture. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

SECTION 3.06. Notes Redeemed or Purchased in Part. Upon surrender of a Note that is redeemed or purchased in part, the Issuer shall issue and, upon receipt of an Authentication Order, the Trustee (or the Authentication Agent) shall authenticate for the Holder at the expense of the Issuer a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

SECTION 3.07. Optional Redemption. (a) At any time and from time to time on or after August 1, 2016, the Issuer may redeem the Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to the applicable percentage of principal amount set forth below plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on August 1 of the years indicated below:

<u>Year</u>	<u>Redemption Price</u>
2016	107.875%
2017	105.250%
2018	102.625%
2019 and thereafter	100.000%

(b) At any time and from time to time prior to August 1, 2016, the Issuer may redeem Notes with the Net Cash Proceeds received by the Company from any Equity Offering, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 110.5% plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in an aggregate principal amount for all such redemptions not to exceed 35% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes); provided that:



(1) in each case the redemption takes place not later than 120 days after the closing of the related Equity Offering; and

(2) not less than 65% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding immediately thereafter.

(c) At any time prior to August 1, 2016, the Issuer may redeem the Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

(d) Notice of redemption shall be provided as set forth in Section 3.03. If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes of that series that will remain outstanding immediately after such redemption.

(e) Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering) which shall be specified in the notice of redemption to Holders.

(f) If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

(g) Unless the Issuer defaults in the payment of the redemption price, interest shall cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

SECTION 3.08. Mandatory Redemption. The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

SECTION 3.09. Asset Disposition Offer. In the event that, pursuant to Section 4.10 hereof, the Issuer is required to commence an Asset Disposition Offer, it shall follow the procedures specified below.

Upon the commencement of an Asset Disposition Offer, the Issuer shall send or cause to be sent, by first-class mail, to the Trustee and each of the Holders at the address appearing in the security register, a notice stating:

(a) that the Asset Disposition Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Disposition Offer will remain open;

(b) the Asset Disposition Offer Amount, the purchase price and the Asset Disposition Purchase Date;

(c) that any Note not tendered or accepted for payment will continue to accrue interest;

(d) that, unless the Issuer defaults in making such payment, any Note accepted for payment pursuant to the Asset Disposition Offer will cease to accrue interest after the Asset Disposition Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to an Asset Disposition Offer may elect to have Notes purchased only in minimum denominations of £100,000 and in integral multiples of £1,000, in excess thereof, except that a Holder may elect to have all the Notes held by such Holder purchased even if not an integral multiple of £1,000 (in excess of £100,000);

(f) that Holders electing to have a Note purchased pursuant to any Asset Disposition Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Note completed, or transfer by book-entry transfer, to the Issuer, a Depositary, if appointed by

the Issuer, or a Paying Agent at the address specified in the notice at least three days before the Asset Disposition Purchase Date;

(g) the procedure for withdrawing an election to tender;

(h) that if the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness;

(i) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer); and

(j) on or before the Asset Disposition Purchase Date, the Issuer shall, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the

Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof. The Company shall deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company or an agent designated by the Company, as the case may be, shall promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase, and the Company shall promptly issue a new Note (or amend the Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Company, shall (via the Authentication Agent) authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; provided that each such new Note will be in a principal amount with a minimum denomination of £100,000 or in integral multiples of £1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Company to the Holder thereof.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

SECTION 3.10. Redemption for Taxation Reasons. The Issuer or Successor Company may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if as a result of:

(1) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or

(2) any change in, or amendment to, the application, administration or interpretation of such laws, regulations or rulings (including pursuant to a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "Change in Tax Law");

the Issuer, Successor Company or Guarantor are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Company or Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and, in the case of a payment by a Guarantor, having the Issuer or another

Guarantor make the payment, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of the Offering Memorandum, such Change in Tax Law must become effective on or after the date of the Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of the Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction. Notice of redemption for taxation reasons shall be published in accordance with Section 3.03. Notwithstanding the foregoing, no such notice of redemption shall be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Company shall deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Company or Guarantor has or have been or shall become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee shall accept such Officer's Certificate and opinion as sufficient evidence of the existence and satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

#### ARTICLE IV

##### Covenants

SECTION 4.01. Payment of Notes. The Issuer shall pay or cause to be paid the principal of, premium, if any, and interest and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest and Additional Amounts, if any, will be considered paid on the date due if the Paying Agent holds, as of 10:00 a.m. London Time one Business Day prior to such date (or such other time as the Issuer and the Paying Agent may mutually agree from time to time, but always subject to actual receipt), money deposited by the Issuer in immediately available funds and designated for and sufficient to pay all principal, premium and Additional Amounts, if any, and interest then due and is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture. The Issuer shall promptly notify the Trustee and the applicable Paying Agent of its failure to so deposit. Subject to actual receipt of such funds as provided by this Section 4.01 by the designated Paying Agent, such Paying Agent shall make payments on the Notes in accordance with this Indenture. In any event, the Issuer shall, prior to 10:00 a.m. London, England time on the second Business Day prior to the date on which the Principal Paying Agent receives payment, procure that the bank effecting payment for it confirms by SWIFT message to the Principal Paying Agent that an irrevocable payment instruction has been given. A Paying Agent shall (or the Trustee, if applicable) only be obliged to make a payment under this Indenture if it has actually received cleared, immediately available funds from the Issuer as required under this Section 4.01. Subject to Section 2.13, the Paying Agent or the Trustee, as the case may be, shall be entitled to make payments net of taxes or other amounts required by any applicable law to be withheld or deducted.

The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to the then applicable interest rate on the Notes. The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) at the same rate.

If a Paying Agent pays out funds on or after the due date therefor, or pays out funds (although it is not obligated to do so) on the assumption that the corresponding payment by the Issuer has been or shall be made and such payment has in fact not been so made by the Issuer, then the Issuer shall on demand reimburse the Paying Agent for the relevant amount, and pay interest to the Paying Agent on such amount from the date on which it is paid out to the date of reimbursement at a rate per annum equal to the cost to the Paying Agent of funding the amount paid out, as certified by the Paying Agent and expressed as a rate per annum.

SECTION 4.02. Maintenance of Office or Agency. The Issuer shall maintain an office or agency (which may be an office of the Trustee or an Affiliate of the Trustee, Registrar or co-registrar) for the Notes in London, England where (1) Notes may be surrendered for registration of transfer or for exchange and (2) notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission will in any manner relieve the Issuer of its obligation to maintain an office or agency in London, England for such purposes. The Issuer shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 4.03. Reports. (a) For so long as any Notes are outstanding, the Company shall provide to the Trustee the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable the following information: (a) audited consolidated balance sheets of the Company or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company or its predecessor for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions

or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA (or equivalent measure), ERC and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies, which is similar in scope to the information provided in the Offering Memorandum; (d) description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments, which is similar in scope and detail to the information provided in the Offering Memorandum; and (e) a description of material risk factors and material recent developments;

(2) within 60 days (or in the case of the quarter ending June 30, 2013, 90 days) following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ending June 30, 2013, all quarterly reports of the Company containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recently completed quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA (or equivalent measure), ERC and material changes in liquidity and capital resources of the Company, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(3) promptly after the occurrence of any material acquisition, disposition, restructuring, merger or similar transaction, or any senior executive officer changes at the Company or change in auditors of the Company or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

(b) All financial statements and pro forma financial information shall be prepared in accordance with GAAP in effect on the date of such report or financial statement (or otherwise on the basis of GAAP then in effect) and on a consistent basis for the periods presented; provided, however, that the reports set forth in Sections 4.03(a)(1), 4.03(a)(2) and 4.03(a)(3) may in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods. Except as provided for below, no report needs to include separate financial statements for any Subsidiaries of the Company. At its election, the Company may also include financial statements of MFG in lieu of those for the Company; provided that if the financial statements of MFG are included in such report, a reasonably detailed description of material differences between the financial statements of MFG and the Company shall be included for any period after the Issue Date.

(c) At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by Sections 4.03(a)(1) and 4.03(a)(2) shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenue, EBITDA (or equivalent measure), ERC, net income, cash, total assets, total debt, shareholders equity and interest expense.

(d) Substantially concurrently with the issuance to the Trustee of the reports specified in Sections 4.03(a)(1), 4.03(a)(2) and 4.03(a)(3), the Company shall also (A) use its commercially reasonable efforts (i) to post copies of such reports on such password protected website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Company in good faith) or (B) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (A) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon their request, prospective purchasers of the Notes. So long as any Notes are outstanding, no later than ten Business Days after the delivery of the annual and quarterly reports required by this covenant, the Company shall hold a live quarterly conference call to discuss such reports and the results of operations for the relevant reporting period for the benefit of holders or prospective holders of Notes; provided that no more than one conference call will be required in relation to any quarterly period.

(e) The Issuer shall also make available copies of all reports required by Sections 4.03(a)(1), 4.03(a)(2) and 4.03(a)(3) at the offices of the Luxembourg listing agent or post such reports on the official website of the Luxembourg Stock Exchange (<http://www.bourse.lu>).

(f) In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

**SECTION 4.04. Compliance Certificates and Notices.** The Issuer shall deliver to the Trustee, within 120 days after the end of each fiscal year (and within 14 days upon a request at any time after such 120 days), an Officer's Certificate stating that it has complied with its obligations under this Indenture and in the course of the performance by the signer thereof of his

or her duties as an Officer of the Issuer he or she would normally have knowledge of any Default and whether or not the signer knows of any Default that occurred during such period (and, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuer is taking or proposes to take with respect thereto).

SECTION 4.05. Taxes. The Company shall pay, and the Company shall cause each Restricted Subsidiary to pay, prior to delinquency, all Taxes except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders.

SECTION 4.06. Limitation on Company and Issuer Activities; Limitation on Trust Management SPVs. (a) Neither the Company nor the Issuer will engage in any business or undertake any other activity, own any assets or incur any liabilities other than: (i) ownership of the Capital Stock of the Issuer and Marlin Midway Limited, respectively, debit and credit balances with Restricted Subsidiaries and other minimal credit and cash balances in bank accounts and related Investments in Cash Equivalents, Temporary Cash Investments or Investment Grade Securities; (ii) the provision of administration services (including the on-lending of monies to Restricted Subsidiaries in the manner described in (a) above) and management services to their respective Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services; (iii) the entry into and performance of its obligations (and incurrence of liabilities) under (or repurchase or acquisition by means of a tender offer, open market purchases or otherwise, of) the Notes, this Indenture, the New Revolving Credit Facility, any Hedging Obligations, any Public Debt, other Indebtedness (including any Additional Notes) or any other obligations, in each case permitted by this Indenture, any Security Document to which it is a party, and the Intercreditor Agreement; (iv) the making of any payments or other distributions of the types specified in Section 4.07(a)(1), Section 4.07(a)(2) and Section 4.07(a)(3) in compliance with Section 4.07 and the making of any Permitted Investments of the types specified under clauses (6) and (16) of the definition thereof; (v) reorganizations for bona fide corporate purposes in compliance with Section 5.01; provided that any successor entity resulting from any such reorganization is subject to the covenant described in this Section 4.06; (vi) the granting of security interests in accordance with the terms of the Notes, this Indenture, the New Revolving Credit Facility, any Hedging Obligations, any Public Debt, other Indebtedness or any other obligations, in each case permitted by this Indenture, any Security Document to which it is a party and the Intercreditor Agreement; (vii) professional fees and administration costs in the ordinary course of business as a holding company; (viii) related or reasonably incidental to the establishment or maintenance of their or their respective Subsidiaries' corporate existence; (ix) any liabilities under any purchase agreement or any other document entered into in connection with the issuance of the Notes or any other Indebtedness permitted under this Indenture (including any Additional Notes); and (x) any other activities which are not specifically listed above and (i) which are ancillary to or related to those listed above or (ii) which are *de minimis* in nature. The Issuer will not undertake any transaction that will require the Issuer to register as an "investment company" or an entity "controlled by an investment company" as defined in the US Investment Company Act of 1940, as amended, and the rules and regulations thereunder.



(b) No Trust Management SPV will: (a) engage in any business activity or undertake any other activity, other than such activities (i) necessary or ancillary to managing Trust Management Assets including as necessary to fulfill any obligations or duties of the Trust Management SPV as a trustee and including as specifically contemplated hereby including the disposition of any Trust Management Assets, Incurrence of Indebtedness where the proceeds of such Indebtedness are used to finance the purchase of Trust Management Assets and granting liens on Trust Management Assets or (ii) related to the establishment and maintenance of the Trust Management SPV; (b) issue any Capital Stock other than to the Company or any other Restricted Subsidiary; (c) Incur any Indebtedness other than Indebtedness without recourse to the Company or any other Restricted Subsidiary or any of their assets; (d) hold any assets other than Trust Management Assets and any other assets necessary or ancillary to managing such Trust Management Assets; (e) establish any subsidiaries or own Capital Stock of any entity for any purpose or (f) undertake any transaction that will require the Issuer to register as an “investment company” or an entity “controlled by an investment company” as defined in the US Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

SECTION 4.07. Restricted Payments. (a) The Company shall not, and shall not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or other distribution on or in respect of the Company’s or any Restricted Subsidiary’s Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

(b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a pro rata basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any payment on or in respect of, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any (x) Subordinated Indebtedness (other than, in each case, any capitalization of Subordinated Indebtedness or (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement, (b) a payment of interest at the applicable interest payment date and (c) any Indebtedness Incurred pursuant to Section 4.09(b)(3)) or (y) any Subordinated Shareholder Funding, other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding; or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a “Restricted Payment”), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(A) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(B) the Company is not able to Incur an additional £1.00 of Indebtedness pursuant to Section 4.09(a) after giving effect, on a pro forma basis, to such Restricted Payment; or

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by Sections 4.07(b)(5)(a) (without duplication of amounts paid pursuant to any other clause of the second succeeding paragraph), 4.07(b)(6), 4.07(b)(10), 4.07(b)(11) and 4.07(b)(12), but excluding all other Restricted Payments permitted by Section 4.07(b)) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing after the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property, assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding, in each case excluding the Excluded Shareholder Contribution, subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding refinancing existing Subordinated Shareholder Funding or the Excluded Shareholder Contribution) of the Company subsequent to the Issue Date (other than (x) Net Cash Proceeds or property, assets or marketable securities

received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property, assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on Section 4.07(b)(6) and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this Section 4.07(a)) of property, assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property, assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on Section 4.07(b)(6) and (y) Excluded Contributions);

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this

clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (C); provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv); and

(v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property, assets or marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Company; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to the Company or a Restricted Subsidiary,

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v); provided further, however, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (C).

Upon a Specified Change of Control Event, all amounts calculated pursuant to this clause (C) shall be reset to zero and all references to the Issue Date in this clause (C) shall thereafter refer to the date of such Specified Change of Control Event (it being understood, for the avoidance of doubt, that any amounts that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of the preceding clause (C) and which were received in contemplation of, or in connection with, a Specified Change of Control Event will not be included in the calculation of the amount available for Restricted Payments).

The fair market value of property or assets other than cash covered by Section 4.07(a)(4)(C) shall be the fair market value thereof as determined in good faith by the Board of Directors.

(b) The foregoing provisions will not prohibit any of the following (collectively, “Permitted Payments”):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding, in each case excluding the Excluded Shareholder Contribution, or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or the Excluded Shareholder Contribution) of the Company; provided, however, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from Section 4.07(a)(4)(C)(ii);

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to Section 4.09;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to Section 4.09, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) from Net Available Cash to the extent permitted under Section 4.10, but only if (i) the Company shall have first complied with the terms described under Section 4.10 and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a “change of control”), but only (i) if the Company shall be required to make a Change of Control Offer under Section 4.15 and shall have complied with Section 4.15 and purchased all Notes tendered pursuant to the

offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(5) (a) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this Section 4.07, and (b) payments associated with the Transactions;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Company or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; provided that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (A) £2.0 million plus (B) £1.0 million multiplied by the number of calendar years that have commenced since the Issue Date plus (C) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (C), other than through the issuance of Disqualified Stock or Designated Preference Shares or the Excluded Shareholder Contribution) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under Section 4.07(a)(4)(C)(ii);

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with Section 4.09;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments to the extent specified in Sections 4.11(b)(2), 4.11(b)(3), 4.11(b)(5), 4.11(b)(7), 4.11(b)(11) and 4.11(b)(12);

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or contributed as Subordinated Shareholder Funding to the Company, in each case from the Net Cash Proceeds of a Public Offering and (b) following the Initial Public Offering, an amount equal to the greater of (i) 6% of the Market Capitalization and (ii) 6% of the IPO Market Capitalization; provided that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio for the Company and its Restricted Subsidiaries shall be equal to or less than 2.5 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed £10.0 million;

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock; provided, however, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this Section 4.07 or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);

(13) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under Section 4.07(b)(13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; provided, however, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this Section 4.07(b)(14) shall not exceed the Net Cash Proceeds received by the Company or, in the case of Designated Preference Shares issued by any Parent or any Affiliate thereof, the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares; and

(15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries.

(c) The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

SECTION 4.08. Limitation on Restrictions on Distributions from Restricted Subsidiaries. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;

(B) make any loans or advances to the Company or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of Section 4.08(a) shall not prohibit:

(1) any encumbrance or restriction pursuant to (a) the New Revolving Credit Facility, (b) the Notes, any Additional Notes and the Note Guarantees, (c) the Intercreditor Agreement and any Additional Intercreditor Agreement, (d) the Security Documents or (e) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or on which



such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; provided that, for the purposes of this Section 4.08(b)(2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in Section 4.08(b)(1) or Section 4.08(b)(2) or this Section 4.08(b)(3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in Section 4.08(b)(1) or Section 4.08(b)(2) or this Section 4.08(b)(3); provided, however, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges, charges or other security agreements permitted under this Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under this Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under this Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements, debt purchase agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, the terms of any license, authorization, concession or permit or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to Section 4.09 if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the New Revolving Credit Facility, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Company) and where, in the case of this clause (ii), the Company determines at the time such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(12) restrictions relating to Permitted Purchase Obligations SPVs effected in connection with the incurrence of Permitted Purchase Obligations that, in the good faith determination of the Board of Directors of the Company, are necessary or advisable;

(13) any encumbrance or restriction existing by reason of any lien permitted under Section 4.12;

(14) any encumbrance or restriction on assets held in trust for a third party, including pursuant to the relevant trust agreement; or

(15) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in Section 4.08(b); provided that the terms and conditions of any such encumbrances or restrictions are, in the good faith judgment of the Board of Directors of the Company, no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced.

SECTION 4.09. Limitation on Indebtedness. (a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); provided, however, that the Issuer or a Guarantor may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries is greater than 2.75 to 1.0.

(b) Section 4.09(a) shall not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of (x) £35.0 million and (y) 15.4% of ERC, plus (ii) in the case of any refinancing of any Indebtedness permitted under this Section 4.09(b)(1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary in each case so long as the Incurrence of such Indebtedness being guaranteed is permitted under the terms of this Indenture; provided, that if the Indebtedness being guaranteed is subordinated to the Notes or Note Guarantee, then the guarantee must be subordinated to the Notes or Note Guarantee to the same extent as the Indebtedness guaranteed; or

(b) without limiting Section 4.12, Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of this Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; provided, however, that:

(a) if the Issuer or any Guarantor is the obligor on any such Indebtedness and the obligee is not a Guarantor or the Issuer, it is either a Working Capital Intercompany Loan or unsecured and expressly subordinated in right of payment to prior payment in full in cash (whether upon Stated Maturity, acceleration or otherwise) and the performance in full of its obligations under the Notes or Note Guarantee, as applicable; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary, and any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Section 4.09(b)(3) by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes), (b) any Indebtedness (other than Indebtedness described in Section 4.09(b)(1), 4.09(b)(3), 4.09(b)(7) or 4.09(b)(11)) outstanding on the Issue Date, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this Section 4.09(b)(4) or Section 4.09(b)(5) or Incurred pursuant to Section 4.09(a) and (d) Management Advances;

(5) Indebtedness of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such acquisition) provided, however, with respect to this Section 4.09(b)(5), that at the time of such acquisition or other transaction (x) the Company would have been able to Incur £1.00 of additional Indebtedness pursuant to Section 4.09(a) after giving pro forma effect to the relevant acquisition and Incurrence of such Indebtedness pursuant to this Section 4.09(b)(5) or (y) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Company);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, in each case, incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this Section 4.09(b)(7) and then outstanding, will not exceed at any time outstanding the greater of (i) £5.0 million and (ii) 4.1% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations, indemnities or guarantees Incurred in the ordinary course of business or for governmental or regulatory requirements, in each case not in connection with the borrowing of money, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business, provided, however, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); provided that, in the case of a disposition, the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10) (A) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(B) Customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business; and

(C) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of Receivables for credit management purposes, in each case, not in connection with the borrowing of money and Incurred or undertaken in the ordinary course of business on arm's length commercial terms;

(11) Indebtedness Incurred in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this Section 4.09(b)(11) and then outstanding, will not exceed the greater of (i) £12.5 million and (ii) 10.2% of Total Assets;

(12) Indebtedness represented by Permitted Purchase Obligations;

(13) Indebtedness Incurred in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this Section 4.09(b)(13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, an Excluded Contribution or the Excluded Shareholder Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, an Excluded Contribution or the Excluded Shareholder Contribution) of the Company, in each case, subsequent to the Issue Date; provided, however, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under Section 4.07(a) and Sections 4.07(b)(1), 4.07(b)(6), 4.07(b)(10) and 4.07(b)(14) to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this Section 4.09(b)(13) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under Section 4.07(a) and/or Sections 4.07(b)(1), 4.07(b)(6), 4.07(b)(10) or 4.07(b)(14) in reliance thereon; and

(14) Indebtedness represented by the unpaid purchase price for Portfolio Assets acquired in the ordinary course of business provided such amounts are due within one year of the acquisition of the related Portfolio Assets.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Section 4.09:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this Section 4.09, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item or any portion of such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of Section 4.09(b) or Section 4.09(a); provided that Indebtedness incurred pursuant to Section 4.09(b)(1) may not be reclassified, and Indebtedness under the New Revolving Credit Facility incurred or outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in Section 4.09(b)(1);

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to Section 4.09(b)(1), 4.09(b)(7) or 4.09(b)(11) or Section 4.09(a) and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) for the purposes of determining "ERC" under Section 4.09(b)(1)(i)(y), (i) pro forma effect shall be given to ERC on the same basis as for calculating the Secured LTV Ratio for the Company and its Restricted Subsidiaries and (ii) ERC shall be measured on or about the date on which the Company obtains new commitments (in the case of revolving facilities) or incurs new Indebtedness (in the case of term facilities);

(6) Indebtedness permitted by this Section 4.09 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 4.09 permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP.

(d) Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, including a change from GAAP to IFRS, will not be deemed to be an Incurrence of Indebtedness for purposes of this Section 4.09. The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "Indebtedness".

(e) If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this Section 4.09, the Company shall be in default of this Section 4.09).

(f) For purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the principal amount of Indebtedness denominated in another 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 Indebtedness, or, at the option of the Company, first committed, in the case of Indebtedness Incurred under a revolving credit facility; provided that (i) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than sterling, and such refinancing would cause the applicable sterling-

denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (ii) the Sterling Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (iii) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement. For purposes of calculating compliance with Section 4.09(b)(1) or for calculating the amount of Indebtedness outstanding under the New Revolving Credit Facility, to the extent a Credit Facility is utilized for the purpose of guaranteeing or cash collateralizing any letter of credit or guarantee, such guarantee or collateralization and issuance of such letter of credit or guarantee shall be deemed to be an Incurrence of Indebtedness pursuant to such Credit Facility permitted under Section 4.09(b)(1) without double counting.

(g) Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

**SECTION 4.10. Limitation on Sales of Assets and Subsidiary Stock.** (a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and



(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:

(A) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary or Indebtedness of the Issuer) or Indebtedness under the New Revolving Credit Facility (or any Refinancing Indebtedness in respect thereof) within 365 days from the later of (x) the date of such Asset Disposition and (y) the receipt of such Net Available Cash; provided, however, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause ((A)), the Company or such Restricted Subsidiary shall retire such Indebtedness and shall cause the related commitment (if any) (except in the case of the New Revolving Credit Facility) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; provided that the Company shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (ii) only if the Company makes (at such time or subsequently in compliance with this Section 4.10) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or

(B) to the extent the Company or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; provided, however, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; provided further, that if the assets (including Capital Stock) sold constitute Collateral, subject to the Agreed Security Principles, the Company shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Additional Assets (to the extent such assets (including Capital Stock) were of a category of assets included in the Collateral as of the Issue Date) in favor of the Notes on a first-ranking basis (subject to pre-existing Liens and Permitted Collateral Liens);

provided that, pending the final application of any such Net Available Cash in accordance with clause (A) or clause (B) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by this Indenture.

(b) Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph, or offered to be applied in accordance with Section 4.10(a)(3)(A)(ii) above, will be deemed to constitute "Excess Proceeds". On the 366th day after an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of Excess Proceeds exceeds £5.0 million (or equivalent thereof), the Issuer shall be required to make an offer ("Asset Disposition Offer") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness upon such an Asset Disposition, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with Section 3.09 or the agreements governing the Pari Passu Indebtedness, as applicable, and in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof.

(c) To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in this Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in sterling, such Indebtedness shall be calculated by converting any such principal amount into its Sterling Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

(d) To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than pound sterling, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in pound sterling that is actually received by the Issuer upon converting such portion into pound sterling.

(e) The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Issuer shall purchase the

principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this Section 4.10 (the “Asset Disposition Offer Amount”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

(f) For the purposes of Section 4.10(a)(2) the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Company or Indebtedness of a Restricted Subsidiary (other than Indebtedness of the Company, the Issuer or a Subsidiary Guarantor which is expressly subordinated in right of payment to the Notes) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Company or the Issuer (other than Indebtedness which is expressly subordinated in right of payment to the Notes) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Section 4.10 that is at that time outstanding, not to exceed the greater of £3.7 million and 3.0% 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).

(g) The Issuer shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this Section 4.10, the Company shall comply with the applicable securities laws and regulations (or exchange rules) and shall not be deemed to have breached its obligations under this Indenture by virtue of any such conflict.

SECTION 4.11. Transactions with Affiliates. (a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with or for the benefit of any Affiliate of the Company (such transaction or series of transactions being, an “Affiliate Transaction”) involving aggregate value in excess of £1.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm’s length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess of £5.0 million, the terms of such transaction have been approved by a resolution of the majority of the members of the Board of Directors of the Company resolving that such transaction complies with Section 4.11(a)(1); and

(3) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess of £15.0 million, the Company has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm’s length basis from a Person that is not an Affiliate.

(b) Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in Section 4.11(a)(2) if such Affiliate Transaction is approved by a resolution of a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this Section 4.11 if the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee an opinion from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm’s length basis.

The provisions of Section 4.11(a) will not apply to:

(1) any Restricted Payment permitted to be made pursuant to Section 4.07, any Permitted Payments (other than pursuant to Section 4.07(b)(9)(b) or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (10), (11), (15) and (17) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options,

warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(3) any Management Advances;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this Section 4.11 or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, which, in each case, are in the ordinary course of business and are either fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Company or the relevant Restricted Subsidiary or on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; provided that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of this Indenture;

(11) without duplication in respect of payments made pursuant to Section 4.11(b)(12), (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed £1.5 million per fiscal year and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this Section 4.11(b)(11)(b) are approved by a majority of the Board of Directors of the Company or a member of senior management in good faith; and

(12) payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Restricted Subsidiaries.

SECTION 4.12. Liens. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the “Initial Lien”), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if, contemporaneously with the Incurrence of such Initial Lien, the Notes and this Indenture (or a Note Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Indebtedness which is expressly subordinated in right of payment to the Notes, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

SECTION 4.13. Limitation on Permitted Activities. The Company shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to the extent as would not be material to the Company and the Restricted Subsidiaries taken as a whole.

SECTION 4.14. Corporate Existence. Subject to Article V hereof, the Company, the Issuer and each Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect:

- (1) its corporate existence, and the corporate, partnership or other existence of each of the Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary; and
- (2) the rights (charter and statutory), licenses and franchises of the Company, each Guarantor and the Restricted Subsidiaries;

provided, however, that the Company and each Guarantor shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of the Restricted Subsidiaries (other than the Issuer), if the Board of Directors or an Officer of the Company shall determine that the preservation thereof is no longer necessary or desirable in the conduct of the business of the Company, each Guarantor and the Restricted Subsidiaries, taken as a whole.

The foregoing shall not prohibit a sale, transfer or conveyance of a Restricted Subsidiary (other than the Issuer) or any of its assets in compliance with the terms of this Indenture.

SECTION 4.15. Offer To Repurchase upon Change of Control. (a) If a Change of Control occurs, subject to the terms hereof, each Holder shall have the right to require the Issuer to repurchase all or part (equal to £100,000 or an integral multiple of £1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that the Issuer shall not be obliged to repurchase Notes pursuant to this Section 4.15 in the event and to the extent that it has unconditionally exercised its right to redeem all the Notes pursuant to Section 3.07 or all conditions to such redemption have been satisfied or waived.

(b) Unless the Issuer has unconditionally exercised its right to redeem all the Notes pursuant to Section 3.07 or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer shall mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee:

- (1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Change of Control Payment Date”) and record date;

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Note or part thereof not tendered will continue to accrue interest;

(5) stating that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled “Option of Holder to Elect Purchase” attached to the Notes completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the repurchase date;

(6) stating that Holders shall be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the repurchase date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(7) stating that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to, £100,000 in principal amount or an integral multiple of £1,000 in excess thereof; and

(8) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer shall, to the extent lawful:

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

(2) deposit with an agent to be determined by the Issuer an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer’s Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;



(4) in the case of Global Notes, deliver, or cause to be delivered, to the Trustee the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

(c) If any Definitive Registered Notes have been issued, the Paying Agent shall promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or the Authentication Agent appointed by the Trustee shall upon receipt of an authentication order from the Issuer promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount that is at least £100,000 or an integral multiple of £1,000 in excess thereof.

(d) Notwithstanding anything to the contrary in this Section 4.15, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control; provided that the purchase date will be no earlier than 30 days from the date a notice of such Change of Control Offer is mailed.

(e) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

(f) The Issuer shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this Section 4.15. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this Indenture, the Issuer shall comply with the applicable securities laws and regulations (or exchange rules) and shall not be deemed to have breached its obligations under the Change of Control provisions of this Indenture by virtue of the conflict.

(g) For so long as the Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall publish a public announcement with respect to the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange (<http://www.bourse.lu>).

SECTION 4.16. Additional Note Guarantees. (a) The Company shall cause each Restricted Subsidiary (other than the Issuer) that, after the Issue Date, guarantees any Indebtedness of the Company, the Issuer or any Guarantor, or assumes or in any other manner becomes liable with respect to any Indebtedness under the New Revolving Credit Facility or any refinancing Indebtedness in respect thereof, to simultaneously or prior thereto execute and deliver a supplemental indenture substantially in the form of Exhibit D or other appropriate agreement providing for such Restricted Subsidiary's Note Guarantee on the same terms and conditions as those set forth in this Indenture. In addition, the Company shall cause each Restricted Subsidiary (other than the Issuer, an Immaterial Subsidiary or a Permitted Purchase Obligations SPV) to execute and deliver a supplemental indenture substantially in the form of Exhibit D or other appropriate agreement providing for such Restricted Subsidiary's guarantee of the Notes on the same terms and conditions as those set forth in this Indenture, within 30 days of delivery of the Company's or MFG's audited consolidated annual reports to the Trustee pursuant to Section 4.03 that show that such Restricted Subsidiary is not an Immaterial Subsidiary or a Permitted Purchase Obligations SPV (each such additional guarantee of the Notes, an "Additional Note Guarantee").

(b) Notwithstanding the foregoing, the Company shall not be obligated to cause any such Restricted Subsidiary to guarantee the Notes to the extent that the grant of such Note Guarantee would be inconsistent with the Agreed Security Principles.

(c) Notwithstanding the foregoing, the Company shall not be obligated to cause any such Restricted Subsidiary to guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

SECTION 4.17. Maintenance of Listing. The Company shall use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Euro MTF Market of the Luxembourg Stock Exchange for so long as such Notes are outstanding; provided that if the Company is unable to obtain admission to such listing or if at any time the Company determines that it shall not maintain such listing, it shall obtain (where the Notes are initially so listed, prior to the delisting of the Notes from the Euro MTF Market), and thereafter use its best efforts to maintain, a listing of such Notes on another "recognized stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

SECTION 4.18. Suspension of Covenants on Achievement of Investment Grade Status. If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, the Issuer shall notify the Trustee of this fact (provided that such notice will not be a precondition of the suspension of covenants described in this paragraph) and beginning on that day and continuing until the Reversion Date, the following Sections of this Indenture will not apply to such Notes: Section 4.07, Section 4.08, Section 4.09, Section 4.10, Section 4.11 and Section 5.01(a)(3) and, in each case, any related default provision of this Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such Sections and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such Sections will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and Section 4.07 will be interpreted as if it has been in effect since the

date of this Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while Section 4.07 was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to Section 4.09(a) or one of the clauses set forth in Section 4.09(b) (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under Section 4.09(a) or Section 4.09(b), such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under Section 4.09(b)(4)(b) (without giving effect to the parenthetical contained therein).

SECTION 4.19. Further Instruments and Acts. Upon request of the Trustee, but without an affirmative duty on the Trustee to do so, the Company, the Issuer and the Guarantors shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and the Intercreditor Agreement. Subject to the Agreed Security Principles, the Company and its Restricted Subsidiaries shall, at their own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. Subject to the Agreed Security Principles, the Company and its Restricted Subsidiaries shall execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request. Subject to the Agreed Security Principles, if any Restricted Subsidiary becomes a Guarantor pursuant to Section 4.16 hereof, the Company shall cause such Guarantor to provide security over substantially all of its assets in favor of the Security Agent for the benefit of the Trustee acting for and on behalf of the Holders and consistently with the Intercreditor Agreement; provided that so long as the New Revolving Credit Facility entered into on the Issue Date is in place, no security need be granted over assets which are not also made subject to security in favor of the New Revolving Credit Facility. For the avoidance of doubt, the assets and shares of any Permitted Purchase Obligations SPV shall be excluded from the Collateral so long as any such assets or shares are also excluded from the collateral securing any Indebtedness of the Issuer or Guarantors.

ARTICLE V

Successors

SECTION 5.01. Merger and Consolidation. (a) None of the Company or the Issuer shall consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the “Successor Company”) shall be a Person organized and existing under the laws of any member state of the European Union on January 1, 2004 (other than Greece), or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Company or the Issuer, as applicable) shall expressly assume, (x) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company or the Issuer, as applicable, under the Notes and this Indenture and (y) to the extent required by applicable law to effect such assumption, all obligations of the Company or the Issuer, as applicable, under the Intercreditor Agreement and the Security Documents;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (A) the Successor Company would be able to Incur at least an additional £1.00 of Indebtedness pursuant to Section 4.09(a) or (B) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture, that all conditions precedent therein provided for relating to such transaction have been complied with and that such supplemental Indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company and the Notes constitute legal, valid and binding obligations of the Successor Company, enforceable in accordance with their terms (in each case, in form and substance reasonably satisfactory to the Trustee); provided that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this Section 5.01, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with Section 4.09.

For purposes of this Section 5.01, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company, instead of such Subsidiaries, would constitute all or substantially all the properties and assets of the Company, on a consolidated basis, shall be deemed to be the transfer of all or substantially all the properties and assets of the Company.

The Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Company or the Issuer under this Indenture and the Notes but in the case of a lease of all or substantially all its assets, the predecessor company shall not be released from its obligations under such Indenture or the Notes.

Notwithstanding Section 5.01(a)(2) and Section 5.01(a)(3) (which do not apply to transactions referred to in this sentence) and, other than with respect to Section 5.01(a)(4) of this Section 5.01(a), (x) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company or the Issuer and (y) any Restricted Subsidiary that is not a Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding Section 5.01(a)(2) and Section 5.01(a)(3) (which do not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

(b) No Subsidiary Guarantor may:

(1) consolidate with or merge with or into any Person, or

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or

(3) permit any Person to merge with or into a Subsidiary Guarantor, unless:

(A) the other Person is the Company, the Issuer or a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction; or

(B) (1) either (x) a Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person (other than the Issuer) expressly assumes all the obligations of the Subsidiary Guarantor under its Note Guarantee and, to the extent required by applicable law to effect such assumption, the obligations under the Intercreditor Agreement and the Security Documents; and

(2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by this Indenture.

## ARTICLE VI

### Defaults and Remedies

SECTION 6.01. Events of Default. (a) Each of the following is an “Event of Default”:

- (1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;
- (2) default in the payment of the principal amount of or premium, if any, on any Note issued under this Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;
- (3) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 25% in principal amount of the outstanding Notes with the Issuer’s obligations under Section 4.15 or the Guarantors’, the Company’s or the Restricted Subsidiaries’ obligations under Section 4.03, Section 4.07, Section 4.08, Section 4.09, Section 4.10, Section 4.11, Section 4.12, Section 4.13, Section 4.16, Section 4.17, Section 5.01 or Section 12.03 (in each case, other than a failure to purchase Notes which will constitute an Event of Default under Section 6.01(a)(2));
- (4) failure to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 25% in principal amount of the outstanding Notes with the Guarantors’ or Issuer’s other agreements contained in this Indenture;
- (5) default under any mortgage, Indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:
  - (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness (“payment default”); or

(b) results in the acceleration of such Indebtedness prior to its maturity; and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £7.5 million or more;

(6) (A) a proceeding is commenced seeking a decree or order for (i) relief in respect of the Company, the Issuer, a Significant Subsidiary, or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary, in an involuntary case under any applicable Bankruptcy Law, (ii) the appointment of a receiver, administrative receiver, liquidator, assignee, custodian, trustee, examiner, administrator, sequestrator, compulsory manager, commissaire, juge-commissaire, curateur or similar official of the Company, the Issuer, a Significant Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary, or for all or substantially all the property and assets of the Company, the Issuer or a Significant Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary or (iii) the winding up or liquidation of the affairs of the Company, the Issuer, a Significant Subsidiary, or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (other than, except in the case of the Issuer, a solvent winding up or liquidation in connection with a transfer of assets among the Company and the Restricted Subsidiaries) and, in each case, such proceeding shall remain unstayed and in effect for a period of 30 consecutive days; or (B) other than, except in the case of the Issuer, in relation to a solvent winding up or liquidation in connection with a transfer of assets among the Company and the Restricted Subsidiaries, the Company, the Issuer a Significant Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (i) commences a voluntary case (including taking any action for the purpose of winding up) under any applicable Bankruptcy Law, or consents to the entry of an order for relief in an involuntary case under any such law, or enters into a scheme of arrangement for the purpose of restructuring all or a portion of its debts, (ii) consents to the appointment of or taking possession by a receiver, administrative receiver, liquidator, assignee, custodian, trustee, examiner, administrator, sequestrator, compulsory manager or similar official of the Company, the Issuer, a Significant Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary or for all or substantially all the property and assets of the Company, the Issuer, a Significant Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors.

(7) failure by the Issuer, the Company or any Restricted Subsidiary to pay final judgments aggregating in excess of £7.5 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final;

(8) any security interest under the Security Documents on any material Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document and this Indenture) for any reason other than the satisfaction in full of all obligations under this Indenture or the release or amendment of any such security interest in accordance with the terms of this Indenture or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and

(9) any Note Guarantee ceases to be in full force and effect, other than in accordance with the terms of this Indenture or a Guarantor denies or disaffirms its obligations under its Note Guarantee, other than in accordance with the terms thereof or upon release of the Note Guarantee in accordance with this Indenture.

(b) A default under Section 6.01(a)(3), 6.01(a)(4), 6.01(a)(5) or 6.01(a)(7) will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes notify the Issuer of the default and, with respect to Sections 6.01(a)(3), 6.01(a)(4), 6.01(a)(5) and 6.01(a)(7), the Issuer does not cure such default within the time specified in Section 6.01(a)(3), 6.01(a)(4), 6.01(a)(5) or 6.01(a)(7), as applicable, after receipt of such notice.

(c) The Issuer shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officer's Certificate of any event which is, or with the giving of notice or lapse of time or both would become, an Event of Default, its status and what action the Issuer is taking or proposes to take in respect thereof.

**SECTION 6.02. Acceleration.** If an Event of Default (other than an Event of Default described in Section 6.01(a)(6)) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in Section 6.01(a)(5) has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to Section 6.01(a)(5) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.



If an Event of Default described in Section 6.01(a)(6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

SECTION 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture or any Security Document. Following such Event of Default, the Trustee is entitled to require all Agents to act under its direction.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence to the Event of Default. No remedy is exclusive of any other remedy. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Past Defaults. Subject to Section 6.07 and Section 9.02 hereof, the Trustee, upon receipt of written notice from the Holders of not less than a majority in aggregate principal amount of the Notes then outstanding, may on behalf of the Holders of all the Notes rescind an acceleration or waive all past or existing Defaults or Events of Default (except with respect to (i) nonpayment of principal, premium or interest, or Additional Amounts, if any and (ii) a covenant or provision which under this Indenture cannot be modified or amended without the consent of the Holders of not less than 90% in aggregate principal amount of the Notes then outstanding, each of which may only be waived with the consent of the Holders of not less than 90% in aggregate principal amount of the Notes then outstanding) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05. Control by Majority. The Holders of a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, or of exercising any trust or power conferred on the Trustee, in respect of the Notes. However, the Trustee may refuse to follow any direction that the Trustee determines (after consultation with counsel) conflicts with law or this Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that may involve the Trustee in personal liability; provided that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with any such direction. Prior to taking any action under this Indenture, the Trustee will be entitled to indemnification and/or security by the Holders (including by way of pre-funding) satisfactory to it against all losses and expenses caused by taking or not taking such action.

SECTION 6.06. Limitation on Suits. Subject to Article VII, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 25% in principal amount of the outstanding Notes have requested in writing that the Trustee pursue the remedy;
- (3) such Holders have offered in writing to the Trustee security (including by way of pre-funding) and/or indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security (including by way of pre-funding) and/or indemnity; and
- (5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

SECTION 6.07. Rights of Holders To Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal, premium, if any, and interest on the Note held by such Holder, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of Holders of not less than 90% in aggregate principal amount of the Notes then outstanding.

SECTION 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01(a)(1) or (2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuer or any other obligor on the Notes for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Issuer fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding in its own name for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Issuer or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer or any other obligor upon the Notes, wherever situated.

SECTION 6.09. Trustee May File Proofs of Claim. The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Issuer, any other obligor upon the Notes, their creditors or their property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims, and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. Priorities. If the Trustee or Security Agent collects any money pursuant to this Article VI, it shall pay out (or in the case of the Security Agent, it shall pay to the Trustee to pay out) the money, subject to the terms of the Intercreditor Agreement, in the following order:

First: to the Trustee, the Security Agent and their agents and attorneys (including the Agents) for amounts due under Section 7.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the Security Agent (as the case may be) and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any and interest, respectively; and

Third: to the Issuer or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10. At least 15 days before such record date, the Issuer shall mail to each Holder and the Trustee a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes, or to any suit initiated by any Holder for the enforcement of the payment of any principal of or interest on any Note, on or after its maturity date.

SECTION 6.12. Stay, Extension and Usury Laws. The Company and its Restricted Subsidiaries shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and its Restricted Subsidiaries (to the extent that they may lawfully do so) hereby expressly waive all benefit or advantage of any such law, and covenant that they will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

## ARTICLE VII

### The Trustee

SECTION 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee, the Security Agent and the Agents shall be determined solely by the express provisions of this Indenture and the Trustee, the Security Agent and the Agents need perform only those duties that are specifically set forth in this Indenture and the Intercreditor Agreement and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee, the Security Agent and the Agents; and

(2) The Trustee and the Security Agent may conclusively rely upon, as to the truth of the statements and the correctness of the opinions expressed therein, certificates or opinions furnished to the Trustee and the Security Agent and conforming to the requirements of this Indenture. However, with respect to certificates or opinions specifically required to be furnished to it hereunder, the Trustee and the Security Agent may examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee and the Security Agent may not be relieved from liabilities for their own respective gross negligence or willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02, 6.04 or 6.05 hereof; and

(4) no provision of this Indenture will require the Trustee or Security Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, it being understood that the Trustee and the Security Agent shall not be required to advance their own respective funds in connection with their respective duties and responsibilities as the Trustee or Security Agent.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee or the Security Agent is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) The Trustee and the Security Agent shall be under no obligation to exercise any of their respective rights and powers under this Indenture or the Intercreditor Agreement at the request of any Holders, unless such Holders have provided to the Trustee and the Security Agent security (including by way of prefunding) and/or indemnity satisfactory to them against any loss, liability or expense.

(f) The Trustee and the Security Agent shall not be liable for interest on any money received by it except as the Trustee and the Security Agent may agree in writing with the Issuer.

**SECTION 7.02. Rights of Trustee and Security Agent.** The Trustee and the Security Agent may conclusively rely without further investigation or verification, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, whether in original, facsimile or electronic form, believed by it to be genuine and to have been signed or presented by the proper person.

(a) The Trustee and the Security Agent may act through their attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney, delegate, depositary or agent appointed with due care or for supervising any such attorney, delegate, depositary or agent.

(b) Neither the Trustee nor the Security Agent shall be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture. Before the Trustee or the Security Agent acts or refrains from acting, it may require an officer's certificate and/or an opinion of counsel from the Issuer. The Trustee and the Security Agent shall not be liable for any action they take in good faith in reliance upon such certificate or opinion.

(c) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer will be sufficient if signed by an Officer of the Issuer.

(d) Neither the Trustee nor the Security Agent shall be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, direction, order, approval, appraisal, bond, debenture, note, coupon, security, other evidence of indebtedness or other paper or document but the Trustee or the Security Agent, as the case may be, in its sole and absolute discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and if the Trustee or the Security Agent, as the case may be, shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, at reasonable times during normal business hours, personally or by agent or attorney at the sole expense of the Issuer, and shall incur no liability of any kind by reason of such inquiry or investigation.

(e) The Trustee and the Security Agent shall have no duty to inquire as to the performance by the Company or its Restricted Subsidiaries of the covenants in Article IV hereof. In addition, the Trustee shall not be deemed to have any knowledge of any matter (including any Default or Event of Default) unless a Responsible Officer of the Trustee has received written notification identifying the Notes or Indenture or obtained actual knowledge. The Trustee shall be under no obligation to monitor financial performance of the Company or the Issuer.

(f) The Trustee, the Security Agent, the Agents and any clearing system through which the Notes are traded shall not have any obligation or duty to monitor, determine or inquire as to compliance, and shall not be responsible or liable for compliance, with restrictions on transfer, exchange, redemption, purchase or repurchase, as applicable, of minimum denominations imposed under this Indenture or under applicable law or regulation with respect of any transfer, exchange, redemption, purchase or repurchase, as applicable, of interest in any Note.

(g) Neither the Trustee nor the Security Agent is required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(h) In the event the Trustee or the Security Agent receives inconsistent or conflicting requests and indemnity from two or more groups of Holders, each representing less than a majority in aggregate principal amount of the Notes then outstanding, pursuant to the provisions of this Indenture, the Trustee or the Security Agent, each in its sole discretion, as applicable, may determine what action, if any, will be taken and the Trustee and Security Agent shall not incur any liability for failure to act until such inconsistency or conflict is, in its reasonable opinion, resolved.

(i) The permissive right of the Trustee and the Security Agent to take the actions enumerated in this Indenture or the Intercreditor Agreement will not be construed as an obligation or duty to do so and the Trustee and the Security Agent will not be answerable other than for their own respective gross negligence or willful default.

(j) Delivery of reports, information and documents to the Trustee under Section 4.03 is for informational purposes only and the Trustee's receipt of the foregoing will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates or Opinions of Counsel, as applicable).

(k) The rights, privileges, protections, immunities, indemnities and benefits given to, and disclaimers of, the Trustee, including, without limitation, its right to be indemnified and/or secured, are extended to, and will be enforceable by, the Trustee in each of its capacities hereunder, the Security Agent and each agent (including the Agents), custodian and other Person employed to act hereunder (including The Bank of New York Mellon, London Branch and The Bank of New York Mellon (Luxembourg) S.A.). Absent willful misconduct or gross negligence, each Agent shall not be liable for acting in good faith on instructions believed by it to be genuine and from the proper party.

(l) The Trustee may request that the Issuer deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(m) Under no circumstances will the Trustee or Security Agent be liable to the Company for any indirect, punitive or consequential loss (including, but not limited to, loss of business, goodwill, opportunities or profit) even if advised of the possibility of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

(n) The Trustee and the Security Agent will be entitled to assume, without inquiry, that the Issuer and the Company has performed in accordance with all the provisions of this Indenture or Intercreditor Agreement, unless notified to the contrary.

(o) The Trustee and the Security Agent may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in their opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction or, to the extent applicable, of the State of New York. Furthermore, the Trustee and the Security Agent may also refrain from taking such action if it would otherwise render them liable to any person in that jurisdiction or the State of New York or if, in their opinion based upon such legal advice, they would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or in the State of New York or if it is determined by any court or other competent authority in that jurisdiction or in the State of New York they do not have such power.

(p) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee and the Security Agent may retain professional advisors to assist them in performing their duties. The Trustee and the Security Agent may consult with counsel or other professional advisors and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(q) In no event shall the Trustee or Security Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused directly or indirectly by acts of war or terrorism involving the United States, the United Kingdom or any member state of the European Monetary Union or any other national or international calamity or emergency (including natural disasters or acts of God), it being understood that the Trustee or Security Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(r) The Trustee and Security Agent will not be liable to any Person if prevented or delayed in performing any of their obligations or discretionary functions under this Indenture by reason of any present or future law applicable to them, by any governmental or regulatory authority or by any circumstances beyond their control.

(s) At any time that the security granted pursuant to the Security Documents has become enforceable and the Holders have given a direction to the Trustee to enforce such Collateral, the Trustee is not required to give any direction to the Security Agent with respect thereto unless it has been indemnified, prefunded and/or secured in accordance with Section 7.01(a). In any event, in connection with any enforcement of such security, the Trustee is not responsible for:

- (1) any failure of the Security Agent to enforce such security within a reasonable time or at all;
- (2) any failure of the Security Agent to pay over the proceeds of enforcement of the Collateral;
- (3) any failure of the Security Agent to realize such security for the best price obtainable;
- (4) monitoring the activities of the Security Agent in relation to such enforcement;
- (5) taking any enforcement action itself in relation to such security;



(6) agreeing to any proposed course of action by the Security Agent which could result in the Trustee incurring any liability for its own account;  
or

(7) paying any fees, costs or expenses of the Security Agent.

SECTION 7.03. Individual Rights of Trustee and Security Agent. The Trustee and Security Agent in their respective individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or the Issuer or any of their respective Affiliates or Subsidiaries with the same rights they would have if they were not Trustee and Security Agent. However, in the event that the Trustee acquires any conflicting interests in its capacity as Trustee it must eliminate such conflict within 90 days, or resign. Any Paying Agent or Registrar may do the same with like rights. The Trustee is also subject to Section 7.10 hereof.

SECTION 7.04. Trustee's and Security Agent's Disclaimer. The Trustee and Security Agent will not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Notes or any Note Guarantee and they shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision of this Indenture, they will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and they will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication. Neither the Trustee nor the Security Agent makes any representations as to the validity or sufficiency of this Indenture or of the Notes, except that the Trustee and Security Agent represent that they are duly authorized to execute and deliver this Indenture and perform their obligations hereunder, respectively, and the Trustee represents that it is duly authorized to authenticate the Notes. The Trustee and Security Agent shall not be accountable for the use or application by the Issuer of Notes or the proceeds thereof or the use or application of any money received by any Paying Agent other than the Trustee.

SECTION 7.05. Notice of Defaults. If a Default occurs and is continuing and is known to the Trustee (through the Issuer having so notified the Trustee), the Trustee shall mail to the Holders a notice of the Default within 60 days after being notified by the Issuer.

SECTION 7.06. [Intentionally Omitted].

SECTION 7.07. Compensation and Indemnity. (a) The Issuer and each Guarantor, jointly and severally, shall pay to the Trustee, the Security Agent and the Agents from time to time such fees, costs, expenses and compensation for its acceptance of this Indenture and services hereunder and thereunder as shall from time to time be agreed in writing between them. The Trustee's, the Security Agent's and the Agents' compensation will not be limited by any law on compensation of a trustee of an express trust. The Issuer and each Guarantor, jointly and severally, shall reimburse the Trustee, the Security Agent and the Agents promptly upon request for all disbursements, advances and expenses incurred or made by it, including costs of collection, any additional fees the Trustee, the Security Agent and the Agents may incur acting after a Default or an Event of Default and any fees the Trustee, the Security Agent and the Agents may incur in connection with exceptional duties in relation thereto, in addition to the compensation for its services. Such expenses will include the properly incurred compensation, disbursements, expenses and advances of the Trustee's, the Security Agent's and the Agents' agents, counsel, accountants and experts.

(b) The Issuer and each Guarantor, jointly and severally, shall indemnify the Trustee, the Security Agent and the Agents, and hold them harmless, against any and all losses, claims, damages, liabilities or expenses (including properly incurred attorney's fees) incurred by them arising out of or in connection with the acceptance or administration of this trust and their duties under this Indenture or under the Intercreditor Agreement, including the costs and expenses of enforcing this Indenture against the Issuer and the Guarantors (including this Section 7.07) and defending themselves against any claim (whether asserted by the Issuer, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Trustee, the Security Agent and the Agents shall notify the Issuer promptly of any claim for which they may seek indemnity. Failure by the Trustee, the Security Agent and the Agents to so notify the Issuer shall not relieve the Issuer or any of the Guarantors of their obligations hereunder. At the Trustee's sole discretion, the Issuer shall defend the claim and the Trustee shall provide reasonable cooperation and may participate at the Issuer's expense in the defense. Alternatively, the Trustee may at its option have separate counsel of its own choosing and the Issuer shall pay the properly incurred fees and expenses of such counsel; provided that the Issuer shall not be required to pay such fees and expenses if, at the discretion of the Trustee, it assumes the Trustee's defense and there is, in the opinion of the Trustee, no conflict of interest between the Issuer and the Trustee in connection with such defense and no Default or Event of Default has occurred and is continuing. The Issuer need not pay for any settlement made without its written consent, which consent shall not be unreasonably withheld. Neither the Issuer nor any Guarantor need to reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through its gross negligence or willful misconduct.

(c) The obligations of the Issuer and the Guarantors under this Section 7.07 and any Lien arising hereunder will survive the resignation or removal of the Trustee, the Security Agent or an Agent, the discharge of the Issuer's obligations pursuant to Article X or the termination of this Indenture.

(d) To secure the Issuer's and the Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held to pay principal of, premium on, if any, interest or Additional Amounts, if any, on, particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(a)(7) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(f) For the avoidance of doubt, the rights, privileges, protections, immunities and benefits given to the Trustee, the Security Agent and the Agents under this Section 7.07 including their rights to be indemnified are extended to, and shall be enforced by the Trustee in each of its capacities hereunder, and by the Security Agent and each Agent.

SECTION 7.08. Replacement of Trustee. (a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuer. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for the removal of the Trustee and the appointment of a successor Trustee, if:

- (1) the Trustee fails to comply with Section 7.10 hereof;
- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property;
- (4) the Trustee becomes incapable of acting; or
- (5) the Trustee has or acquires a conflict of interest in its capacity as Trustee that this is not eliminated.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

(d) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture and the Security Documents. The successor Trustee shall mail a notice of any succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided that all sums owing to the Trustee hereunder have been paid and subject to the lien provided for in Section 7.07.

(e) The Issuer covenants that, in the event of the Trustee giving reasonable notice pursuant to this Section 7.08, it shall use its reasonable best efforts to procure a successor Trustee to be appointed. If a successor Trustee is not appointed and does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee may appoint a successor Trustee at any time prior to the date on which a successor Trustee takes office. If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Holders of at least 25% in outstanding principal amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee at the expense of the Issuer.

(f) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer, or the Holders of at least 10% in principal amount of the then outstanding Notes may petition at the expense of the Issuer any court of competent jurisdiction for the appointment of a successor Trustee.

(g) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(h) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 hereof will continue for the benefit of the retiring Trustee or Agent as the case may be, and the Issuer shall pay to any replaced or removed Trustee or Agent all amounts owed under Section 7.07 upon such replacement or removal.

SECTION 7.09. Successor Trustee by Merger, Etc. If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

SECTION 7.10. Eligibility; Disqualification. There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United Kingdom, or of the United States or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by U.K. or U.S. federal or state authorities, and which is generally recognized as a corporation which customarily performs such corporate trustee roles and provides such corporate trustee services in transactions similar in nature to the offering of the Notes as described in the Offering Memorandum.

SECTION 7.11. Resignation of Agents. Any Agent may resign and be discharged from its duties under this Indenture at any time by giving thirty (30) days' prior written notice of such resignation to the Trustee and Issuer. The Trustee or Issuer may remove any Agent at any time by giving thirty (30) days' prior written notice to any Agent. Upon such notice, a successor Agent shall be appointed by the Issuer, who shall provide written notice of such to the Trustee. Such successor Agent shall become the Agent hereunder upon the resignation or removal date specified in such notice. If the Issuer is unable to replace the resigning Agent within thirty (30) days after such notice, the Agent may appoint a replacement Agent or may deliver any funds then held hereunder in its possession to the Trustee or may apply to a court of competent jurisdiction for the appointment of a successor Agent or for other

appropriate relief. The costs and expenses (including its counsels' fees and expenses) incurred by the Agent in connection with such proceeding shall be paid by the Issuer. Upon receipt of the identity of the successor Agent, the Agent shall deliver any funds then held hereunder to the successor Agent, less the Agent's fees, costs and expenses or other obligations owed to the Agent. Upon its resignation and delivery of any funds, the Agent shall be discharged of and from any and all further obligations arising in connection with this Indenture, but shall continue to enjoy the benefit of Section 7.07. Subject to Section 6.03, the Agents shall act solely as agents of the Issuer.

## ARTICLE VIII

### Legal Defeasance and Covenant Defeasance

SECTION 8.01. Option To Effect Legal Defeasance or Covenant Defeasance. The Company and the Issuer may, at the option of their respective Boards of Directors evidenced by a resolution set forth in an Officer's Certificate, at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes, the Note Guarantees, this Indenture, the Intercreditor Agreement (with respect to the Notes) and the Security Documents (with respect to the Notes), and cause the release of all Liens on the Collateral granted under the Security Documents upon compliance with the conditions set forth below in this Article VIII.

SECTION 8.02. Legal Defeasance and Discharge. Upon the Company's or the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuer shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes, the Note Guarantees, this Indenture, the Intercreditor Agreement and the Security Documents, and cause the release of all Liens on the Collateral granted under the Security Documents on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (a) and (b) below, and to have satisfied all its other obligations under such Notes, the Note Guarantees, this Indenture, the Intercreditor Agreement and the Security Documents and cause the release of all Liens on the Collateral granted under the Security Documents (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(b) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust set forth in Article II hereof;

(c) the rights, powers, trusts, duties and immunities of the Trustee and the Security Agent hereunder and the Issuer's obligations in connection therewith; and

(d) this Article VIII.

Subject to compliance with this Article VIII, the Issuer and the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

SECTION 8.03. Covenant Defeasance. Upon the Company's or the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuer shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of its obligations under the covenants contained in Sections 4.03, 4.04, 4.05, 4.07, 4.08, 4.09, 4.10 (including Section 3.09), 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17 and 4.18, Section 5.01(a)(3) and Section 12.03 hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Issuer may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes will be unaffected thereby. In addition, upon the Company's or the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 hereof, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, payment of the Notes may not be accelerated because of an Event of Default specified in Section 6.01(a)(3) (other than with respect to Sections 5.01(a)(1) and 5.01(a)(2)), (4), (5), (6) (other than with respect to the Issuer and the Company), (7), (8) or (9).

SECTION 8.04. Conditions to Legal Defeasance or Covenant Defeasance. In order to exercise the Issuer's option under Section 8.02 or Section 8.03, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or such other entity designated by the Trustee for this purpose) cash in pounds sterling, UK Government Obligations, or a combination of cash in pounds sterling and UK Government Obligations in such amounts as will be sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must deliver to the Trustee:

(a) an Opinion of Counsel in the United States to the effect that Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the Issue Date);

(b) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(c) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(d) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940, as amended; and

(e) all other documents or other information that the Trustee may reasonably require in connection with the Issuer's option under Section 8.02 or Section 8.03.

The Trustee will be entitled to rely conclusively upon such Officer's Certificates, documents, information and Opinions without independent verification.

SECTION 8.05. Deposited Money and Government Securities To Be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.06 hereof, all money and UK Government Obligations (including the proceeds thereof) deposited with the Trustee (or such other entity designated by the Trustee for this purpose, or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law. Money and securities so held in trust are not subject to the Intercreditor Agreement and the Trustee is not prohibited from paying such funds to Holders by the terms of this Indenture or the Intercreditor Agreement.

The Issuer shall pay and indemnify the Trustee against any Taxes imposed or levied on or assessed against the cash or UK Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such Taxes which by law are for the account of the Holders of the outstanding Notes.

The obligations of the Issuer under this Section 8.05 shall survive the resignation or renewal of the Trustee and/or satisfaction and discharge of this Indenture.

Notwithstanding anything in this Article VIII to the contrary, the Trustee shall deliver or pay to the Issuer from time to time upon the request of the Issuer any money or UK Government Obligations held by it as provided in Section 8.04 hereof which, in the opinion of an Independent Financial Advisor, expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06. Repayment to Issuer. Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer in trust, for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Issuer on its request or (if then held by the Issuer) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such money, and all liability of the Issuer as trustee thereof, will thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer give notice to the Holders or cause to be published a notice in the *New York Times* and the *Financial Times* or, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of such stock exchange shall so require, in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in the case of Definitive Notes, in addition to such publication, mail to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar (and, if so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of such stock exchange shall so require, publish in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu))), that such money remains unclaimed and that, after a date specified therein, which will not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

SECTION 8.07. Reinstatement. If the Trustee or Paying Agent is unable to apply any pounds sterling or UK Government Obligations in accordance with Section 8.02, 8.03, 8.04 or 8.05 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's and the Company's obligations under this Indenture and the Notes will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02, 8.03, 8.04 or 8.05 hereof, as the case may be; provided, however, that, if the Issuer makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Issuer will be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.



Amendment, Supplement and Waiver

SECTION 9.01. Without Consent of Holders. (a) Notwithstanding Section 9.02 of this Indenture, the Issuer, the Guarantors, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents without the consent of any Holder to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision of the Note Documents to the "Description of the Notes" contained in the Offering Memorandum, or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or the Guarantors under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);

(4) add to the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer, the Company or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect or to make any change that would provide any additional rights or benefits to the Holders;

(6) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes;

(7) provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with Section 4.16, to add Note Guarantees, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under this Indenture, the Intercreditor Agreement or the Security Documents;

(8) evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Note Document; or

(9) in the case of the Security Documents, mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the New Revolving Credit Facility, in any property which is required by the New Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; provided that the granting of such security interest is not prohibited by this Indenture and Section 12.03 is complied with.

(b) After an amendment becomes effective, the Issuer is required to mail to Holders a notice briefly describing such amendment. However, the failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of the amendment. In addition, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall inform such exchange of any amendment, supplement or waiver and shall publish notice of such amendment, supplement or waiver in Luxembourg in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>).

(c) Upon the request of the Issuer, and upon receipt by the Trustee of the documents described in Section 11.06 hereof, the Trustee shall join with the Issuer in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

**SECTION 9.02. With Consent of Holders.** Except as provided below in this Section 9.02, the Issuer, the Guarantors and the Trustee may amend or supplement any Note Document with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes) and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the Note Documents may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be “outstanding” for purposes of this Section 9.02.

Upon the request of the Issuer, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Issuer in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee’s own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

It is not necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. However, without the consent of Holders holding not less than 90% of the principal amount of Notes then outstanding, an amendment or waiver under this Section 9.02 may not, with respect to any Notes held by a non-consenting Holder:

- (1) reduce the principal amount of such Notes whose Holders must consent to an amendment;
- (2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;
- (3) reduce the principal of or extend the Stated Maturity of any such Note;
- (4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case, pursuant to Section 3.07 or Section 3.10;
- (5) make any such Note payable in currency other than that stated in such Note;
- (6) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;
- (7) make any change in Section 2.13 that adversely affects the right of any Holder of such Notes in any material respect;
- (8) release all or substantially all the Guarantors from their obligations under their respective Note Guarantees or this Indenture, except otherwise in accordance with the terms of this Indenture;
- (9) release the security interest granted for the benefit of the Holders in the Collateral other than pursuant to the terms of the Security Documents or as otherwise permitted by this Indenture and the Intercreditor Agreement;
- (10) waive a Default or Event of Default with respect to the nonpayment of principal, premium, interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or
- (11) make any change in the amendment or waiver provisions which require the consent of the Holders holding not less than 90% of the then outstanding principal amount of the Notes.

In addition, without the consent of Holders holding not less than 90% of the then outstanding principal amount of Notes, no amendment or supplement to the Intercreditor Agreement may be made that materially adversely affects (x) the ranking (as it relates to the right to receive payments on enforcement) of the Notes and Note Guarantees with respect to any Pari Passu Lien Obligations (as defined in the Intercreditor Agreement) and (y) the subordination (as it relates to the right to receive payments on enforcement) of Subordinated Obligations to the Notes and Note Guarantees as set forth in the Intercreditor Agreement.

SECTION 9.03. Supplemental Indenture. Every amendment or supplement to this Indenture or the Notes will be set forth in an amended or supplemental indenture.

SECTION 9.04. Revocation and Effect of Consents. Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date on which the Trustee receives an Officer's Certificate from the Issuer certifying that the requisite number of consents have been received. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

SECTION 9.05. Notation on or Exchange of Notes. The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06. Trustee To Sign Amendments, Etc. The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. In executing any amended or supplemental indenture, the Trustee shall be provided with and (subject to Section 7.01 hereof) shall be fully protected in relying upon, in addition to the documents required by Section 13.04 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture. In signing any amendment, supplement or waiver, the Trustee shall be entitled to receive security and/or an indemnity and/or prefunding satisfactory to it.

SECTION 9.07. Payments for Consent. The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of this Indenture or the Notes unless such consideration is offered to all Holders and is paid to all Holders that so consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes, to exclude Holders in any jurisdiction where (i) the solicitation of such consent, waiver or amendment, including in connection with an exchange offer or an offer to purchase for cash, or (ii) the payment of the consideration therefor (A) would require the Issuer, the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document

under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Issuer and the Company in their sole discretion determine (acting in good faith) would be materially burdensome; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

## ARTICLE X

### Satisfaction and Discharge

SECTION 10.01. Satisfaction and Discharge. This Indenture, and the rights of the Trustee and the Holders under the Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in this Indenture) as to all outstanding Notes when:

(a) either

(1) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or

(2) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer;

(b) the Issuer has deposited or caused to be deposited with the Trustee (or such other entity designated by the Trustee for this purpose), cash in pounds sterling, UK Government Obligations, or a combination of cash in pounds sterling and UK Government Obligations, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be;

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

(d) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under this Section 10.01 relating to the satisfaction and discharge of this Indenture have been complied with; provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with Section 10.01(a), Section 10.01(b) and

Section 10.01(c)) and the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited amounts towards payment of the Notes at maturity or on the redemption date, as the case may be. The Trustee will be entitled to conclusively rely upon such Officer's Certificate and Opinion of Counsel without independent verification.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to Section 10.01(b), the provisions of Section 10.02 and Section 8.06 will survive. In addition, nothing in this Section 10.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

SECTION 10.02. Application of Trust Money. Subject to the provisions of Section 8.06, all money deposited with the Trustee (or the entity designated by the Trustee) pursuant to Section 10.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or securities in accordance with Section 10.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 10.01; provided that if the Issuer has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Obligations held by the Trustee or Paying Agent.

## ARTICLE XI

### Guarantees

SECTION 11.01. Guarantees. (a) Each Guarantor hereby jointly and severally, irrevocably and unconditionally guarantees to each Holder and to the Trustee and its successors and assigns (1) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under this Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, interest or premium, if any, on the Notes and all other monetary obligations of the Issuer under this Indenture and the Notes and (2) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or

otherwise under this Indenture and the Notes (all the foregoing being hereinafter collectively called the “Guaranteed Obligations”). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from each such Guarantor, and that each such Guarantor shall remain bound under this Article XI notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Guarantor waives presentation to, demand of payment from and protest to the Issuer of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Notes or the Guaranteed Obligations. The obligations of each Guarantor hereunder shall not be affected by (1) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Issuer or any other Person under this Indenture, the Notes or any other agreement or otherwise; (2) any extension or renewal of any thereof; (3) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (4) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; (5) the failure of any Holder or Trustee to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; or (6) any change in the ownership of such Guarantor, except as provided in Section 11.02.

(c) Each Guarantor hereby waives any right to which it may be entitled to have its obligations hereunder divided among the Guarantors, such that such Guarantor’s obligations would be less than the full amount claimed. Each Guarantor hereby waives any right to which it may be entitled to have the assets of the Issuer first be used and depleted as payment of the Issuer’s or such Guarantor’s obligations hereunder prior to any amounts being claimed from or paid by such Guarantor hereunder. Each Guarantor hereby waives any right to which it may be entitled to require that the Issuer be sued prior to an action being initiated against such Guarantor.

(d) Each Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

(e) Except as expressly set forth in Sections 8.02, 11.02 and 11.08, 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 of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of any Guarantor as a matter of law or equity.

(f) Except as expressly set forth in Sections 8.02, 11.02 and 11.08, each Guarantor agrees that its Note Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. Each Guarantor further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Issuer or otherwise.

(g) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Issuer to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (1) the unpaid principal amount of such Guaranteed Obligations, (2) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and (3) all other monetary obligations of the Issuer to the Holders and the Trustee.

(h) Each Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article VI for the purposes of any Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article VI, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of Section 11.01.

(i) Each Guarantor also agrees to pay any and all costs and expenses (including attorneys' fees and expenses) incurred by the Trustee in enforcing any rights under Section 11.01.

(j) Upon request of the Trustee, each Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 11.02. Limitation on Liability. Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the applicable Guarantor without rendering the Note Guarantee, as it relates to such Guarantor, voidable under applicable law relating to *ultra vires*, fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally or other considerations under applicable law.



SECTION 11.03. Successors and Assigns. This Article XI shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 11.04. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article XI shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article XI at law, in equity, by statute or otherwise.

SECTION 11.05. Modification. No modification, amendment or waiver of any provision of this Article XI, nor the consent to any departure by any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in the same, similar or other circumstances.

SECTION 11.06. Execution of Supplemental Indenture for Future Guarantors. Each Restricted Subsidiary which is required to become a Subsidiary Guarantor pursuant to Section 4.16 shall promptly execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary shall become a Guarantor under this Article XI and shall guarantee the Guaranteed Obligations. Concurrently with the execution and delivery of such supplemental indenture, the Issuer shall deliver to the Trustee an Opinion of Counsel and an Officer's Certificate to the effect that such supplemental indenture has been duly authorized, executed and delivered by such Restricted Subsidiary and that, subject to the application of bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws relating to creditors' rights generally and to the principles of equity, whether considered in a proceeding at law or in equity, the Note Guarantee of such Guarantor is a legal, valid and binding obligation of such Guarantor, enforceable against such Guarantor in accordance with its terms and or to such other matters as the Trustee may reasonably request.

SECTION 11.07. Non-Impairment. The failure to endorse a Note Guarantee on any Note shall not affect or impair the validity thereof.

SECTION 11.08. Release of Guarantees. (a) Subject to the following paragraph and the terms of the Intercreditor Agreement, each Note Guarantee, once it becomes due, is a continuing guarantee and shall (i) remain in full force and effect until payment in full of all the Guaranteed Obligations, (ii) be binding upon each Guarantor and its successors and (iii) inure to the benefit of, and be enforceable by, the Trustee, the Holders and their successors, transferees and assigns.

(b) Each Note Guarantee by a Guarantor shall be automatically and unconditionally released and discharged, and each Guarantor and its obligations under the Note Guarantee, this Indenture, the Security Documents and the Intercreditor Agreement shall be released and discharged:

(1) in the case of a Subsidiary Note Guarantee only, by a sale or other disposition (including by way of consolidation, merger, amalgamation or combination) of Capital Stock of the relevant Guarantor or of a Parent thereof, such that such Guarantor ceases to be a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the relevant Guarantor (other than to the Company or a Restricted Subsidiary), in each case in a transaction otherwise permitted by this Indenture;

(2) in the case of a Subsidiary Note Guarantee only, by the designation in accordance with this Indenture of the relevant Guarantor as an Unrestricted Subsidiary;

(3) by defeasance or discharge of the Notes, as provided in Article VIII or Article X;

(4) in the case of a Subsidiary Note Guarantee only (other than a Subsidiary Note Guarantee issued on the Issue Date), to the extent that the relevant Guarantor is not an Immaterial Subsidiary solely due to the operation of clause (i) of the definition of "Immaterial Subsidiary," upon the relevant release of the guarantee or discharge of Indebtedness referred to in such clause;

(5) upon full payment of all obligations of the Issuer and the Guarantors under this Indenture and the Notes;

(6) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness as provided under the Intercreditor Agreement; or

(7) as provided in Article IX.

(c) Upon any occurrence giving rise to a release of a Note Guarantee, as specified above, the Trustee, subject to receipt of certain documents from the Issuer and/or Guarantor, will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

## ARTICLE XII

### Collateral, Security and Intercreditor Agreement

SECTION 12.01. The Collateral. (a) Except as provided for in Section 4.18, the due and punctual payment of the principal of, premium, if any, and interest on the Notes and the Note Guarantees thereof when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, interest

on the overdue principal of and interest (to the extent lawful), if any, on the Notes and the Note Guarantees thereof and performance of all other obligations under this Indenture, the Notes, the Note Guarantees and the Security Documents, shall be secured by Liens, subject to Permitted Liens, as provided in the Security Documents which the Company, the Issuer and the Guarantors, as the case may be, have entered into on or about the date hereof and shall be secured as provided by all Security Documents hereafter delivered as required or permitted by this Indenture, the Security Documents and the Intercreditor Agreement.

(b) The Company and the Guarantors hereby agree that the Security Agent shall hold and administer the Collateral in trust for the benefit of all the Holders and the Trustee, in each case pursuant to the terms of the Security Documents and the Intercreditor Agreement and the Security Agent and the Trustee are hereby authorized to execute and deliver the Security Documents and the Intercreditor Agreement (including any other agreements, deeds or other documents in relation thereto) on behalf of all the Holders.

(c) Each Holder, by its acceptance of any Notes and the Note Guarantees thereof, and the Trustee, by entering into this Indenture, consent and agree to and accept the terms of the Security Documents and the Intercreditor Agreement as the same may be in effect or as may be amended from time to time in accordance with their terms and irrevocably authorize and direct the Security Agent to:

(A) perform the duties and exercise the rights, power and discretion that are specifically given to it under the Security Documents and the Intercreditor Agreement, together with any other incidental rights, power and discretions; and

(B) execute each Security Document, waiver, modification, amendment, renewal or replacement or any other document expressed to be executed by the Security Agent on their behalf.

(d) The Trustee and each Holder, by accepting the Notes and the Note Guarantees thereof, acknowledge that, as more fully set forth in the Security Documents and the Intercreditor Agreement, the Collateral as now or hereafter constituted shall be held for the benefit of all the Holders and the Trustee, and that the Lien of this Indenture and the Security Documents in respect of the Trustee and the Holders is subject to and qualified and limited in all respects by the Security Documents and the Intercreditor Agreement and actions that may be taken thereunder.

(e) Subject to the terms of this Indenture and the Security Documents, the Issuer and the Guarantors shall have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

SECTION 12.02. Limitations on the Collateral. The Liens will be limited as necessary to recognize certain defenses generally available to providers of Liens (including those that relate to fraudulent conveyance or transfer, thin capitalization, voidable preference, financial assistance, corporate benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

SECTION 12.03. Impairment of Security Interests. The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Security Agent, the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral that is prohibited by the covenant entitled "Limitation on Liens;" provided, that the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with this Indenture, the Intercreditor Agreement and the applicable Security Documents. Notwithstanding the above, nothing in this Section 12.03 shall restrict the discharge and release of any security interest in accordance with this Indenture and the Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the Holders in any material respect; provided, however, that, except where permitted by this Indenture or the Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an independent financial advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting the security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), or (3) an opinion of counsel (subject to any qualifications customary for this type of opinion of counsel), in form and substance reasonably satisfactory to the Security Agent and the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and retaken are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or release and retake and to which the new Indebtedness secured by the Permitted Collateral Lien is not

subject. In the event that the Company and its Restricted Subsidiaries comply with the requirements of this Section 12.03, the Trustee or the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

SECTION 12.04. Release of Liens on the Collateral. Subject to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, the Security Agent shall release, and the Trustee (if party to a Security Document) shall release and if so requested direct the Security Agent to release, without the need for consent of the Holders, Liens on the Collateral securing the Notes:

- (1) upon payment in full of principal, interest and all other amounts under the Notes issued under this Indenture or discharge or defeasance thereof;
- (2) upon release of a Note Guarantee (with respect to the Liens securing such Note Guarantee granted by such Guarantor);
- (3) in connection with any disposition of Collateral to any Person other than the Company or any of its Restricted Subsidiaries, or to a Guarantor (other than MFG or MFI); provided that if the Collateral is disposed to such Guarantor, the relevant Collateral becomes immediately subject to a substantially equivalent Lien in favor of the Security Agent securing the Notes (but excluding any transaction subject to Section 5.01(a); provided further, that, in each case, such disposition is permitted by Section 4.10 and the other provisions of this Indenture;
- (4) if the Company designates any Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of this Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;
- (5) as provided under Section 12.03;
- (6) as provided under the Intercreditor Agreement; and
- (7) as provided under Article IX.

Each of these releases shall be effected by the Security Agent without the consent of the Holders or any further action on the part of the Trustee (unless action is required by it).

SECTION 12.05. Additional Intercreditor Agreement. At the request of the Issuer, in connection with the Incurrence or refinancing by the Company or its Restricted Subsidiaries of any Indebtedness secured or permitted to be secured on the Collateral, the MFG, MFI, the Company, the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into an intercreditor or similar agreement or a restatement, amendment or other modification of the existing Intercreditor Agreement (an "Additional Intercreditor Agreement") with the holders of such Indebtedness (or their duly authorized representatives) on substantially the same terms as the Intercreditor Agreement (or on terms that in the good faith judgment of the Issuer are not materially less favorable to the Holders), including containing substantially the same terms with respect to the application of the proceeds of the collateral held thereunder and

the means of enforcement, it being understood that an increase in the amount of Indebtedness being subject to the terms of the Intercreditor Agreement or Additional Intercreditor Agreement shall not be deemed to be less favorable to the Holders and shall be permitted by this Section 12.05 if the incurrence of such Indebtedness and any Lien in its favor is permitted by Section 4.09 and Section 4.12; provided that such Additional Intercreditor Agreement shall not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under this Indenture or the Intercreditor Agreement. As used herein, the term “Intercreditor Agreement” shall include references to any Additional Intercreditor Agreement that supplements or replaces the Intercreditor Agreement entered into on or prior to the Issue Date.

SECTION 12.06. Amendments to the Intercreditor Agreement. At the written direction of the Issuer and without the consent of the Holders, the Trustee or Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (i) cure any ambiguity, omission, defect or inconsistency of any such agreement, (ii) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Company or its Restricted Subsidiaries that is subject to any such agreement (provided that such Indebtedness is Incurred in compliance with this Indenture), (iii) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (iv) further secure the Notes (including Additional Notes incurred in compliance with this Indenture), (v) make provision for equal and ratable pledges of the Collateral to secure Additional Notes incurred in compliance with this Indenture or to implement any Permitted Collateral Liens or (vi) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted by Section 9.01 or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under this Indenture relating to the Notes or any Intercreditor Agreement.

Each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of any Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein), and to have authorized the Trustee or Security Agent to enter into any one or more amendments to any Intercreditor Agreement as contemplated by this Section 12.06 on each Holder’s behalf.

SECTION 12.07. Security agent. (a) The Security Documents and the Collateral will be administered by the Security Agent pursuant to the Intercreditor Agreement for the benefit of all holders of secured obligations.

(b) Any resignation or replacement of the Security Agent shall be made in accordance with the terms of the Intercreditor Agreement.

Miscellaneous

SECTION 13.01. [Intentionally Omitted].

SECTION 13.02. Notices. Any notice or communication by the Issuer or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telecopier, facsimile or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Issuer or any Guarantor:

Marlin Intermediate Holdings plc  
16-22 Grafton Road  
Worthing  
West Sussex BN11 1QP  
United Kingdom  
Facsimile: +44 1903 282 296

with a copy to:

Simmons & Simmons LLP  
Citypoint

One Ropemaker Street  
London EC2Y 9SS  
United Kingdom  
Facsimile: +44 20 7628 2070  
Attention: Charles Hawes

If to the Trustee:

The Bank of New York Mellon, London Branch  
One Canada Square  
London E14 5AL  
United Kingdom  
Facsimile: +44 20 7964 2536  
Attention: Corporate Trust Services

If to the Security Agent:

The Royal Bank of Scotland plc  
Level 3, Premier Place  
2 1/2 Devonshire Square  
London EC2M 4BA  
United Kingdom  
Facsimile: +44 20 7786 5247  
Attention: Peter Stiles

The Issuer, any Guarantor, the Trustee or the Security Agent, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices to Holders shall be validly given if mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. For so long as any Notes are represented by Global Notes, all notices to Holders shall be delivered to Euroclear and Clearstream, each of which shall give such notices to the holders of Book-Entry Interests. In addition, for so long as any of the Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of such exchange so require, notices with respect to the Notes listed on the Euro MTF Market will be published on the official website of the Luxembourg Stock Exchange (<http://www.bourse.lu>) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Trustee such publication is not practicable, in an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; provided that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed.

Any notice or communication mailed to a Holder shall be mailed to such Person by first class mail or other equivalent means and shall be sufficiently given to such Person if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

If the Issuer mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 13.03. Communications. (a) In no event shall the Agents or any other entity of The Bank of New York Mellon be liable for any Losses arising from the Agent or any other entity of The Bank of New York Mellon receiving or transmitting any data from the Issuer or the Company, any authorized Person or Officer or any party to the transaction via any non-secure method of transmission or communication, such as, but without limitation, by facsimile or email.

(b) The parties hereto accept that some methods of communication are not secure and the Trustee, the Agent or any other entity of The Bank of New York Mellon shall incur no liability for receiving instructions via any such non-secure method. The Agent or any other entity of The Bank of New York Mellon is authorized to comply with and rely upon any such notice, instructions or other communications believed by it to have been sent or given by an authorized Person or Officer or an appropriate party to the transaction (or authorized



representative thereof). The Issuer, the Company or authorized officer of the Issuer or the Company shall use all reasonable endeavors to ensure that instructions transmitted to an Agent or any other entity of The Bank of New York Mellon pursuant to this Indenture are complete and correct. Any instructions shall be conclusively deemed to be valid instructions from the Issuer, the Company or authorized officer of the Issuer or the Company to such Agent or any other entity of The Bank of New York Mellon for the purposes of this Indenture.

SECTION 13.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer to the Trustee to take any action under this Indenture, the Issuer shall furnish to the Trustee:

(1) an Officer's Certificate in form and substance satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signer, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

SECTION 13.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

SECTION 13.06. Rules by Trustee and Agents. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 13.07. No Personal Liability of Directors, Officers, Employees and Stockholders. No past, present or future director, officer, employee, incorporator or shareholder of the Issuer or any Guarantor or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Note Documents, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 13.08. Legal Holidays. If the due date for any payment is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and the Holders shall not be entitled to any additional interest as a result of any such delay.

SECTION 13.09. Governing Law. THIS INDENTURE AND THE NOTES, INCLUDING THE NOTE GUARANTEES, AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 13.10. No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Issuer or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.11. Successors. All agreements of the Issuer in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successors.

SECTION 13.12. Severability. In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

SECTION 13.13. Counterpart Originals. The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

SECTION 13.14. Table of Contents, Headings, Etc. The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

SECTION 13.15. Submission to Jurisdiction; Appointment of Agent. The Issuer and each Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each Guarantor hereby irrevocably designates and appoints CT Corporation Systems (at its office at 111 Eighth Avenue, New York, New York 10011) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 3.01 hereof, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

SECTION 13.16. Prescription. Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes or any Note Guarantee will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Nothing in this Section shall limit the right of the Trustee or any Holder to bring proceedings against the Issuer in the courts of any other jurisdiction or to serve process in any other manner permitted by law.

[Signatures on following pages]

**SIGNATURES**

Dated as of July 25, 2013

MARLIN INTERMEDIATE HOLDINGS PLC,  
as Issuer,

by

/s/ David Page

Name: David Page

Title: Director

MARLIN FINANCIAL GROUP LIMITED,  
as Guarantor,

By

/s/ Peter Richardson

Name: Peter Richardson

Title: Director

MARLIN FINANCIAL INTERMEDIATE LIMITED, as Guarantor,

by

/s/ Peter Richardson

Name: Peter Richardson

Title: Director

MARLIN FINANCIAL INTERMEDIATE II LIMITED,  
as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

MARLIN MIDWAY LIMITED, as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

[Signature Pages to Indenture]

BLACK TIP CAPITAL HOLDINGS LIMITED,  
as Guarantor,

by

/s/ Peter Richardson

Name: Peter Richardson

Title: Director

MARLIN SENIOR HOLDINGS LIMITED,  
as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

MARLIN PORTFOLIO HOLDINGS LIMITED,  
as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

MARLIN FINANCIAL SERVICES LIMITED,  
as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

MARLIN LEGAL SERVICES LIMITED,  
as Guarantor,

by

/s/ Peter Richardson

Name: Peter Richardson

Title: Director

[Signature Pages to Indenture]

MARLIN CAPITAL EUROPE LIMITED, as Guarantor,

by

/s/ Peter Richardson

Name: Peter Richardson

Title: Director

MCE PORTFOLIO LIMITED, as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

MFS PORTFOLIO LIMITED, as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

MARLIN EUROPE I LIMITED, as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

MARLIN EUROPE II LIMITED, as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

[Signature Pages to Indenture]

ME III LIMITED, as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

ME IV LIMITED, as Guarantor,

by

/s/ David Page

Name: David Page

Title: Director

[Signature Pages to Indenture]

SIGNED for and on behalf of  
THE BANK OF NEW YORK MELLON,  
LONDON BRANCH,  
as Trustee,

by

/s/ Melissa Laidley

Name: Melissa Laidley

Title: Vice President

SIGNED for and on behalf of  
THE BANK OF NEW YORK MELLON,  
LONDON BRANCH,  
as Principal Paying Agent and Transfer Agent,

by

/s/ Melissa Laidley

Name: Melissa Laidley

Title: Vice President

SIGNED for and on behalf of  
THE BANK OF NEW YORK MELLON  
(LUXEMBOURG) S.A.,  
as Registrar,

by: /s/ Melissa Laidley

Authorized Signatory

by: /s/ Michael Lee

Authorized Signatory

[Signature Pages to Indenture]



SIGNED for and on behalf of  
THE ROYAL BANK OF SCOTLAND,  
as Security Agent,

by

/s/ Peter Stiles

Name: Peter Stiles

Title: Director

[Signature Pages to Indenture]

**[Form of Face of Note]***[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]**[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]***[REGULATION S/RULE 144A]****ISIN: [•]<sup>1</sup>****Common Code: [•]<sup>2</sup>****10.5% Senior Secured Notes due 2020****No.** \_\_\_\_\_**£** \_\_\_\_\_**MARLIN INTERMEDIATE HOLDINGS PLC**

Marlin Intermediate Holdings plc (the "Issuer") promises to pay to \_\_\_\_\_ or its registered assigns, the principal sum of £ \_\_\_\_\_ [or such greater or lesser amount as indicated in the schedule of Exchanges of Interests in the Global Note]<sup>3</sup> on August 1, 2020.

Interest Payment Dates: February 1 and August 1, commencing [•], [•].

Record Dates: January 15 and July 15 immediately preceding each Interest Payment Date.

Dated: \_\_\_\_\_

Reference is made to the further provisions of this Note contained herein, which will for all purposes have the same effect as if set forth at this place.

<sup>1</sup> Reg S ISIN: XS0808637994 144A ISIN: XS0808632094

<sup>2</sup> Reg S Common Code: 080863799 144A Common Code: 080863209

<sup>3</sup> Use the Schedule of Exchanges of Interests language if Note is in Global Form.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed by its duly authorized director, officer or other authorized signatory.

MARLIN INTERMEDIATE HOLDINGS PLC,

by: \_\_\_\_\_

Name:  
Title:

**Certificate of Authentication**

This is one of the 10.5% Senior Secured Notes due 2020 referred to in the within-mentioned Indenture.

Dated: \_\_\_\_\_

SIGNED for and on behalf of THE BANK OF NEW YORK  
MELLON, LONDON BRANCH, not in its personal capacity,  
but in its capacity as TRUSTEE,

by: \_\_\_\_\_  
Authorized Signatory

[Form of Reverse of Note]

10.5% Senior Secured Notes due 2020

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) Interest. Marlin Intermediate Holdings plc, a public limited company incorporated under the laws of England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the "Issuer"), promises to pay interest on the principal amount of this Note at 10.5% per annum from until maturity. The Issuer shall pay interest semi-annually in arrears on February 1 and August 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that the first Interest Payment Date shall be . The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, and on overdue installments of interest, if any (without regard to any applicable grace periods), from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

(2) Method of Payment. The Issuer shall pay interest on the Notes to the Persons who are registered Holders at the close of business on the January 15 or July 15 immediately preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest at the office or agency of the Issuer maintained for such purpose as provided in the Indenture or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders; provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest and premium, if any, on all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Issuer or the Paying Agent. Such payment will be in such coin or currency of the United Kingdom as at the time of payment is legal tender for payment of public and private debts.

(3) Paying Agent and Registrar. Initially, The Bank of New York Mellon, London Branch will act as Principal Paying Agent and The Bank of New York Mellon (Luxembourg) S.A. will act as Registrar. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar.

(4) Indenture. The Issuer issued the Notes under an Indenture, dated as of July 25, 2013 (the "Indenture"), among, *inter alios*, the Issuer, the Trustee, the Guarantors parties thereto and the Security Agent. The terms of the Notes include those stated in the Indenture. The Notes include all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are senior secured obligations of the Issuer.

(5) Optional Redemption. At any time and from time to time on or after August 1, 2016, the Issuer may redeem the Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to the applicable percentage of principal amount set forth below plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on August 1 of the years indicated below:

<u>Year</u>	<u>Redemption Price</u>
2016	107.875%
2017	105.250%
2018	102.625%
2019 and thereafter	100.000%

At any time and from time to time prior to August 1, 2016, the Issuer may redeem the Notes with the Net Cash Proceeds received by the Company from any Equity Offering, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 110.5% plus accrued and unpaid interest, and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in an aggregate principal amount for all such redemptions not to exceed 35% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes); provided that:

(1) in each case the redemption takes place not later than 120 days after the closing of the related Equity Offering, and

(2) not less than 65% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding immediately thereafter.

At any time prior to August 1, 2016, the Issuer may redeem the Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes, plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

(6) Redemption for Taxation Reasons. The Issuer or Successor Company may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant

interest payment date) and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if as a result of:

- (a) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or
- (b) any change in, or amendment to, the application, administration or interpretation of such laws, regulations or rulings (including pursuant to a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a “Change in Tax Law”);

the Issuer, Successor Company or Guarantor are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Company or Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and, in the case of a payment by a Guarantor, having the Issuer or another Guarantor make the payment, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of the Offering Memorandum, such Change in Tax Law must become effective on or after the date of the Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of the Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction. Notice of redemption for taxation reasons will be published in accordance with Section 3.03 of the Indenture. Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Company shall deliver to the Trustee (a) an Officer’s Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Company or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee shall accept such Officer’s Certificate and opinion as sufficient evidence of the existence and satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

(7) Mandatory Redemption. The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

(8) Repurchase at Option of Holder. (a) Upon the occurrence of a Change of Control, unless the Issuer has unconditionally exercised its right to redeem all the Notes pursuant to Section 3.07 of the Indenture or all conditions to such redemption have been satisfied or waived, each Holder shall have the right to require the Issuer to purchase all or part (equal to £100,000 or an integral multiple of £1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date). No later than 60 days following any Change of Control, the Issuer shall mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as set forth in the Indenture.

(b) In the event of an Asset Disposition that requires the purchase of Notes pursuant to Section 4.10 of the Indenture, the Issuer shall be required to make an Asset Disposition Offer pursuant to Sections 3.09 and 4.10(b) of the Indenture to all Holders and, to the extent the Issuer elects, to all Holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes (and any such Pari Passu Indebtedness) that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to, but not including, the date of purchase, in accordance with Section 3.09 of the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, and in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof.

(9) Notice of Redemption. Notice of redemption shall be given in accordance with Section 3.03 of the Indenture and the effect of notice of redemption is set forth in Section 3.04 of the Indenture.

(10) Denominations, Transfer, Exchange. The Notes are in registered form without coupons in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. The Registrar may not require a Holder to pay any taxes and fees, except as otherwise set forth in the Indenture. The Registrar need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Registrar need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

(11) Security. The Initial Notes and Additional Notes are treated as a single class of securities under the Indenture and shall be secured by Liens and security interests, subject to Permitted Collateral Liens, in the Collateral on the terms and conditions set forth in the Indenture, the Intercreditor Agreement and the Security Documents. The Security Agent holds the Collateral in trust for the benefit of the Trustee and the Holders, in each case pursuant to the Security Documents and the Intercreditor Agreement. Each Holder, by accepting this Note, consents and agrees to the terms of the Security Documents and the Intercreditor Agreement as the same may be in effect or may be amended from time to time in accordance with their terms and the Indenture and authorizes and directs the Security Agent to enter into the Security Documents and the Intercreditor Agreement, and to perform its obligations and exercise its rights thereunder in accordance therewith.



(12) Persons Deemed Owners. The registered Holder of a Note may be treated as its owner for all purposes, except as otherwise ordered by a court of competent jurisdiction.

(13) Amendment, Supplement and Waiver. The provisions of the Indenture governing amendment, supplement and waiver are set forth in Article IX of the Indenture.

(14) Defaults and Remedies. Events of Default and Remedies are set forth in Article VI of the Indenture.

(15) Trustee Dealings with Issuer. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from and perform services for the Issuer or its Affiliates, and may otherwise deal with the Issuer or its Affiliates, as if it were not the Trustee.

(16) No Recourse Against Others. No past, present or future director, officer, employee, incorporator or shareholder of the Issuer or the Company or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer, the Company or the Guarantors under the Note Documents, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases such liability. The waiver and release are part of the consideration for issuance of the Notes.

(17) Authentication. This Note will not be valid until authenticated by the manual or facsimile signature of the Trustee or the Authentication Agent.

(18) Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

(19) ISIN Numbers and Common Codes. The Issuer has caused ISIN numbers and Common Codes to be printed on the Notes and the Trustee may use ISIN numbers and Common Codes in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

(20) Governing Law. THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

The Issuer shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

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Marlin Intermediate Holdings plc  
16-22 Grafton Road  
Worthing  
West Sussex BN11 1QP  
United Kingdom  
Facsimile: +44 1903 282 296  
Attention: Company Secretary

A-8

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

\_\_\_\_\_

(Insert assignee's legal name)

\_\_\_\_\_

(Insert assignee's soc. sec. or tax I.D. no.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Print or type assignee's name, address and zip code)

and irrevocably appoint

\_\_\_\_\_ to transfer this Note on the books of the Issuer. The agent may substitute another to act for him or her.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

Section 4.10

Section 4.15

If you want to elect to have only part of the Note purchased by the Issuer pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

£ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: \_\_\_\_\_

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE<sup>1</sup>

The initial principal amount of this Global Note is £[\*]. The following increases or decreases in this Global Note have been made:

<u>Date of Increase/Decrease</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such increase (or decrease)</u>	<u>Signature of authorized officer of Trustee or Custodian</u>
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<sup>1</sup> Use the Schedule of Exchanges of Interests language if Note is in Global Form.

## FORM OF CERTIFICATE OF TRANSFER

Marlin Intermediate Holdings plc  
 16-22 Grafton Road  
 Worthing  
 West Sussex BN11 1QP  
 United Kingdom

The Bank of New York Mellon (Luxembourg) S.A.  
 Vertigo Building  
 Polaris—2-4 rue Eugène Ruppert  
 L-2453 Luxembourg  
 Luxembourg

The Bank of New York Mellon, London Branch  
 One Canada Square  
 London E14 5AL  
 United Kingdom

Re: 10.5% Senior Secured Notes due 2020

(144A Common Code: 080863209; Regulation S Common Code: 080863799;  
 144A ISIN: XS0808632094; Regulation S ISIN: XS0808637994)

Reference is hereby made to the Indenture, dated as of July 25, 2013 (the "Indenture"), among Marlin Intermediate Holdings plc, a public limited company incorporated under the laws of England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the "Issuer"), Marlin Financial Group Limited, Marlin Financial Intermediate Limited, Marlin Financial Intermediate II Limited (the "Company"), a private limited company organized under the laws of England and Wales, certain subsidiaries of the Company from time to time parties hereto, The Bank of New York Mellon, London Branch, as trustee (the "Trustee") and The Royal Bank of Scotland plc, as security agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the "Transferor") owns and proposes to transfer the Note[s] or beneficial interest in such Note[s] specified in Annex A hereto, in the principal amount of £ (the "Transfer"), to (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1.  **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Definitive Note Pursuant to Rule 144A.**  
 The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as

amended (the “Securities Act”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and under the Securities Act.

2.  **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Definitive Note pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the 40 day “Distribution Compliance Period” under Regulation S, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than a “Distributor” as defined in Rule 902 of Regulation S) and the transferred beneficial interest will be held immediately after such Transfer through Euroclear or Clearstream, Luxembourg. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Definitive Note and in the Indenture and under the Securities Act.

3.  **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.**

(a)  **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

(b)  **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

(c)  **Check if Transfer is Pursuant to an Effective Registration Statement.** The Transfer is being effected in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

(d)  **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

4.  **Check if Transfer is to the Issuer or any of its Subsidiaries.** The transfer is being effected in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

\_\_\_\_\_  
[Insert Name of Transferor]  
By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_



1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a)  a beneficial interest in the:
  - (i)  144A Global Note (144A ISIN: XS0808632094, 144A Common Code: 080863209), or
  - (ii)  Regulation S Global Note (Regulation S ISIN: XS0808637994, Regulation S Common Code: 080863799)
- (b)  a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a)  a beneficial interest in the:
  - (i)  144A Global Note (144A ISIN: XS0808632094, 144A Common Code: 080863209), or
  - (ii)  Regulation S Global Note (Regulation S ISIN: XS0808637994, Regulation S Common Code: 080863799), or
  - (iii)  Unrestricted Global Note (144A ISIN: [•], 144A Common Code: [•]); or
- (b)  a Restricted Definitive Note; or
- (c)  an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

## FORM OF CERTIFICATE OF EXCHANGE

Marlin Intermediate Holdings plc  
 16-22 Grafton Road  
 Worthing  
 West Sussex BN11 1QP  
 United Kingdom

The Bank of New York Mellon (Luxembourg) S.A.  
 Vertigo Building  
 Polaris—2-4 rue Eugène Ruppert  
 L-2453 Luxembourg  
 Luxembourg

The Bank of New York Mellon, London Branch  
 One Canada Square  
 London E14 5AL  
 United Kingdom

Re: 10.5% Senior Secured Notes due 2020

(144A Common Code: 080863209; Regulation S Common Code: 080863799;  
 144A ISIN: XS0808632094; Regulation S ISIN: XS0808637994)

Reference is hereby made to the Indenture, dated as of July 25, 2013 (the “Indenture”), among Marlin Intermediate Holdings plc, a public limited company incorporated under the laws of England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the “Issuer”), Marlin Financial Group Limited, Marlin Financial Intermediate Limited, Marlin Financial Intermediate II Limited (the “Company”), a private limited company organized under the laws of England and Wales, certain subsidiaries of the Company from time to time parties hereto, The Bank of New York Mellon, London Branch, as trustee (the “Trustee”) and The Royal Bank of Scotland plc, as security agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “Owner”) owns and proposes to exchange the Note[s] or beneficial interest in such Note[s] specified herein, in the principal amount of £ (the “Exchange”). In connection with the Exchange, the Owner hereby certifies that:

**1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note.**

(a)  Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note. In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an

Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b)  **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note in an equal principal amount, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c)  **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d)  **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note in an equal principal amount, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

**2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes.**

(a)  **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note in an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and under the Securities Act.

(b)  **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE]  144A Global Note,  Regulation S Global Note, in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and under the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

\_\_\_\_\_  
[Insert Name of Transferor]

by: \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_

## FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of [•], among [name of New Guarantor[s]] (the "New Guarantor"), MARLIN INTERMEDIATE HOLDINGS PLC, a public limited company incorporated under the laws of England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the "Issuer"), MARLIN FINANCIAL GROUP LIMITED, a private limited company organized under the laws of England and Wales, MARLIN FINANCIAL INTERMEDIATE LIMITED, a private limited company organized under the laws of England and Wales, MARLIN FINANCIAL INTERMEDIATE II LIMITED, a private limited company organized under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto, THE BANK OF NEW YORK MELLON, LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below, and THE ROYAL BANK OF SCOTLAND PLC, as security agent.

## WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of July 25, 2013, as amended (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 10.5% Senior Secured Notes due 2020;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, [each][the] New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and

punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the “Guaranteed Obligations”). [Each][The] New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor[s] will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of [each][the] New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

[Relevant limitations imposed by local law analogous to Section 11.02 of the Indenture to be inserted, if and as applicable].

3. Ratification of Indenture: Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that [the][each] New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

6. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[NAME OF NEW GUARANTOR], as New Guarantor,

by \_\_\_\_\_  
Name:  
Title:

MARLIN INTERMEDIATE HOLDINGS PLC,

by \_\_\_\_\_  
Name:  
Title:

MARLIN FINANCIAL GROUP LIMITED,

by \_\_\_\_\_  
Name:  
Title:

MARLIN FINANCIAL INTERMEDIATE LIMITED,

by \_\_\_\_\_  
Name:  
Title:

MARLIN FINANCIAL INTERMEDIATE II LIMITED,

By \_\_\_\_\_  
Name:  
Title:



SIGNED for and on behalf of  
THE BANK OF NEW YORK MELLON, LONDON  
BRANCH,  
as Trustee,

by \_\_\_\_\_  
Name:  
Title:

## AGREED SECURITY PRINCIPLES

## 1. SECURITY PRINCIPLES

- (a) The Note Guarantees and security to be provided pursuant to this Indenture will be given in accordance with the security principles set out herein (the “**Agreed Security Principles**”).
- (b) The Agreed Security Principles embody recognition by all parties that there may be certain legal and practical difficulties in obtaining security and Note Guarantees from all proposed grantors of security and Note Guarantees (the “**Grantors**”) in every jurisdiction in which the Grantors are incorporated. In particular:
- (i) general statutory limitations, capital maintenance, financial assistance, corporate benefit, fraudulent preference, “thin capitalisation” rules, retention of title claims and similar principles may limit the ability of a Grantor to provide Note Guarantees or security or may require that the Note Guarantees or security be limited by an amount or otherwise. The Company shall use reasonable endeavors to assist in demonstrating that adequate corporate benefit accrues to each Grantor. Limitation language will be included in respect of all Note Guarantees and Security Documents limiting the liability under the Note Guarantees and the enforceability of the security as required or customary under applicable law;
  - (ii) the Liens and extent of their perfection will be agreed taking into account the cost to the Company and its Restricted Subsidiaries of providing security so as to ensure that it is proportionate to the benefit accruing to the Secured Parties (as defined in the Intercreditor Agreement);
  - (iii) any assets subject to third party arrangements which are not prohibited by the Debt Documents (as defined in the Intercreditor Agreement) and which prevent those assets from being granted as security will be excluded in any relevant Security Document **provided that** reasonable endeavors to obtain consent to grant security interests over any such assets shall be used by the relevant Grantor if the relevant asset is material, and **provided further that** when making an acquisition of Capital Stock or other ownership interests in a company representing more than 50.1% but less than 100% of the issued Capital Stock or other ownership interests of such company (or of a business or undertaking carried on as a going concern) such that following the acquisition the entity would constitute a Restricted Subsidiary, neither the Company nor any of its Restricted Subsidiaries shall enter into any agreement or undertaking at the time of such acquisition with a minority shareholder that prevents such entities from providing guarantees and security as contemplated in Sections 4.16 and 4.19, respectively;

- (iv) Grantors shall not be required to give Note Guarantees or enter into Security Documents to the extent that it would conflict with the fiduciary duties of their directors or officers or contravene any legal or regulatory prohibition, including that of the Solicitors Regulation Authority, or result in a risk of personal or criminal liability on the part of any director or officer;
- (v) perfection of Liens, when required pursuant to these Agreed Security Principles, and other legal formalities will be completed as soon as practicable and, in any event, within the time periods specified in the Security Documents or (if earlier or to the extent no such time periods are specified in the Security Documents) within the time periods specified by applicable law in order to ensure due perfection. The perfection of Liens granted will not be required if it would have an unreasonable adverse effect on the ability of the relevant Grantor to conduct its operations and business in the ordinary course as to the extent not otherwise prohibited by the Debt Documents. The registration of security interests in intellectual property will (at all times subject to paragraph (iii) above and (c) below) only be in respect of material intellectual property in jurisdictions to be agreed;
- (vi) the maximum Guaranteed or secured amount may be limited to minimize stamp duty, notarization, registration or other applicable fees, taxes and duties as well as the tax cost to the Company and its Restricted Subsidiaries where the benefit of increasing the Guaranteed or secured amount is disproportionate to the level of such fee, taxes and duties or tax cost to the Company and its Restricted Subsidiaries;
- (vii) no perfection action will be required in jurisdictions where Grantors are not incorporated;
- (viii) where a class of assets to be secured includes material and immaterial assets, if the cost of granting Liens over the immaterial assets is disproportionate to the benefit of such Liens, Liens will be granted over the material assets only;
- (ix) unless granted under a global Security Document governed by the law of the jurisdiction of the Issuer or a Guarantor or under English law or as otherwise required by applicable law, all Security Documents (other than share security over subsidiaries of the relevant Grantor and other assets of the relevant Grantor incorporated or located in jurisdictions other than the jurisdiction of incorporation of the Grantor) shall be governed by the law of the jurisdiction of incorporation of that Grantor;
- (x) the Security Agent shall hold one set of security for the Secured Parties; and

- (xi) the Company shall be responsible for costs and expenses reasonably incurred by the Secured Parties and the Company and its Restricted Subsidiaries (including reasonable legal expenses, disbursements, registration costs and all taxes, duties and fees (notarial or otherwise)) in respect of Note Guarantees and security.
- (c) The Security Agent or the Secured Parties, as the case may be, shall promptly discharge any Note Guarantees and release any Liens which is or are subject to any legal or regulatory prohibition as is referred to in paragraph (b)(iv) above.

## 2. GRANTORS AND SECURITY

- (a) Each Note Guarantee will be an upstream, cross-stream and downstream Guarantee and each Note Guarantee and security will be for all liabilities of the Issuer, the Grantors and any Grantors pursuant to the relevant Debt Documents in accordance with, and subject to the requirements of the Agreed Security Principles in each relevant jurisdiction.
- (b) To the extent possible, all security shall be given in favor of the Security Agent and not the Secured Parties individually. "Parallel debt" provisions will be used where necessary; such provisions will be contained in the Intercreditor Agreement or the relevant transaction document and not the individual Security Documents unless required under local laws.

## 3. TERMS OF SECURITY DOCUMENTS

The following principles will be reflected in the terms of any security taken for the benefit of the Holders of the Notes under this Indenture:

- (a) the security will be first ranking, to the extent possible;
- (b) security will not be enforceable unless an event of default (howsoever described) has occurred and notice of acceleration has been given pursuant to Section 6.02 of this Indenture or any equivalent provision of any other Primary Finance Documents (as defined in the Intercreditor Agreement) (a "**Notes Relevant Acceleration Event**");
- (c) the Security Agent will be entitled, where the relevant Grantor fails to fulfill its obligations under a Security Document (after the expiry of any applicable grace period), to perfect the Liens, where such perfection is contemplated under these principles and the Security Document;
- (d) the Security Documents shall only operate to create Liens rather than to impose new commercial obligations. Accordingly, they shall not contain additional representations or undertakings (such as in respect of title, validity, insurance, maintenance of assets, information or the payment of costs) unless the same are required for the creation or perfection of the Liens or the assets subject to the Liens and shall not operate so as to prevent transactions which are otherwise permitted under the Debt Documents or to require additional consents, authorizations or notifications;

- (e) prior to an Event of Default that has occurred and is continuing (or in the case of Clauses 4 (*Bank Accounts*), 6 (*Insurance Policies*), 7 (*Intellectual Property*) and 9 (*Trade Receivables*) only, prior to a Notes Relevant Acceleration Event), the provisions of each Security Document will not be unduly burdensome on the Grantor or interfere unreasonably with the operation of its business;
- (f) the Security Agent shall only be able to exercise a power of attorney following an Event of Default that has occurred and is continuing (or in the case of Clauses 4 (*Bank Accounts*), 6 (*Insurance Policies*), 7 (*Intellectual Property*) and 9 (*Trade Receivables*) only, after a Notes Relevant Acceleration Event) or if the relevant Grantor has failed to comply with a further assurance or perfection obligation (after the expiry of any applicable grace period);
- (g) Security Documents, will where possible and practical, automatically create Liens over future assets of the same type as those already secured;
- (h) Information, such as lists of assets, will be provided if, in the opinion of counsel to the Trustee or Security Agent, these are required by local law to be provided to perfect or register the security or to ensure the security can be enforced and, unless required to be provided by local law more frequently, in that case be provided annually or, following an Event of Default which is continuing, on the Security Agent's reasonable request **provided that** no such regular information is required to be provided in respect of assets located in the United Kingdom.

#### 4. BANK ACCOUNTS

- (a) If a Grantor grants Liens over its bank accounts it shall be free to deal with those accounts in the ordinary course of its business until a Notes Relevant Acceleration Event (or until a later event has occurred as agreed upon in the relevant Security Document).
- (b) In relation to any bank accounts opened prior to the Issue Date, notice of the Liens will be served on the account bank after a Notes Relevant Acceleration Event, if so requested by the Security Agent. There will be no restriction on the closure of any bank accounts which are no longer required by the Company and its Restricted Subsidiaries.
- (c) In relation to any bank accounts opened after the Issue Date, notice of the Liens shall be served on the account bank promptly after such bank account is opened and the Grantor shall use reasonable endeavors to obtain an acknowledgement by such account bank, if so requested by the Security Agent.
- (d) Any Lien over bank accounts may be subject to any prior security interests in favor of the account bank which are created either by law or in the standard terms and conditions of the account bank.

- (e) No Lien shall be granted over monies standing to the credit of a bank account where such money is held on trust for third parties.

#### **5. FIXED ASSETS**

- (a) If a Grantor grants Liens over its fixed assets it shall be free to deal with those assets in the course of its business until an Event of Default has occurred and is continuing.
- (b) No notice whether to third parties or by attaching a notice to the fixed assets shall be prepared or given until an Event of Default has occurred and is continuing.
- (c) If required under local law, Liens over fixed assets will be registered subject to the general principles set out in these Agreed Security Principles.

#### **6. INSURANCE POLICIES**

- (a) Subject to these Agreed Security Principles, each Grantor shall grant Liens over its insurance policies (other than third party liability and public liability insurance) in relation to assets that are also subject to Liens. No Lien will be granted over any insurance policies which cannot be secured under local law or under the terms of the relevant policy. Insurance claims will be collected by the Grantor in the ordinary course of business until a Notes Relevant Acceleration Event.
- (b) Notice of the Liens will be served on the insurance provider after a Notes Relevant Acceleration Event, if so requested by the Security Agent.

#### **7. INTELLECTUAL PROPERTY**

- (a) If a Grantor grants Liens over its intellectual property it shall be free to deal with those assets in the course of its business (including, without limitation, allowing its intellectual property to lapse if no longer material to its business and if permitted by this Indenture) until a Notes Relevant Acceleration Event.
- (b) No Lien shall be granted over any intellectual property which cannot be secured under the terms of the relevant licensing agreement. No notice shall be prepared or given to any third party from whom intellectual property is licensed until a Notes Relevant Acceleration Event.
- (c) If required under local law, security over intellectual property will be registered under the law of that security document or at a relevant supra-national registry (such as the EU) subject to the general principles set out in these Agreed Security Principles.

## 8. INTERCOMPANY RECEIVABLES

- (a) If a Grantor grants Liens over its intercompany receivables from time to time it shall be free to deal with those receivables in the course of its business (subject to the Debt Documents) until an Event of Default has occurred and is continuing.
- (b) Notice of the Liens will be served on the intercompany debtor as follows:
  - in the case of an intercompany receivable in excess of £3,000,000 (or its equivalent) after an Event of Default has occurred and is continuing, if so requested by the Security Agent; and
  - in the case of an intercompany receivable less than £3,000,000 (or its equivalent) after a Notes Relevant Acceleration Event, if so requested by the Security Agent.

## 9. TRADE RECEIVABLES

- (a) If a Grantor grants Liens over its trade receivables it shall be free to deal with those receivables in the course of its business until a Notes Relevant Acceleration Event.
- (b) No notice of Security shall be served on a debtor until a Notes Relevant Acceleration Event, including for the avoidance of doubt, upon the underlying debtors in Portfolio Assets.
- (c) No Liens will be granted over any trade receivables which cannot be secured or assigned under the terms of the relevant contract.
- (d) Nothing contained in the relevant Security Documents shall cause the Grantor to violate any applicable data protection laws.

## 10. SHARES / PARTNERSHIP INTEREST

- (a) The Security Document will be governed by the laws of the person whose shares or partnership interests are being secured and not by the law of the country of the person granting the Liens.
- (b) Until an Event of Default has occurred and is continuing, the Grantor will be permitted to retain and to exercise voting rights to any shares or partnership interests pledged by it in a manner which does not materially adversely affect the validity or enforceability of the Liens and the company whose shares or partnership interests have been pledged will, subject to the terms of the Debt Documents, as applicable, be permitted to pay dividends (with the proceeds to be available to the recipient).

- (c) Where customary, on or as soon as reasonably practicable after the date of execution of the share pledge (and in any event within the time periods specified in the Security Documents), the share certificate and a stock transfer form executed in blank will be provided to the Security Agent (as applicable).
- (d) Unless the restriction is required by law, the constitutional documents of the company whose shares or partnership interests have been pledged will be amended to remove any restriction on the transfer or the registration of the transfer of the shares on enforcement of the Liens granted over them.

#### **11. REAL ESTATE**

- (a) There will be no Liens granted over real estate other than (i) real estate which, immediately prior to the Issue Date, is charged to secure the Existing Revolving Credit Facility, the HayFin Facility and the PIK Facility and (ii) after the Issue Date, any other real estate acquired by the Issuer or Guarantors subject to these Agreed Security Principles.
- (b) Subject to these Agreed Security Principles, each Grantor shall use its reasonable endeavors to obtain any consent required to grant Liens over its real estate but will be under no obligation to obtain such consent if the granting of the Liens would contravene any legal prohibition.
- (c) In respect of any real estate security to be granted, there will be no obligation to investigate title, register mortgages with land registries, provide surveys or other insurance or environmental diligence.

#### **12. RELEASE OF SECURITY**

Other than release of the Liens upon final payment in full of all the obligations secured by the Liens (and no Secured Party having any actual or contingent liability to advance further monies to, or incur liabilities on behalf of, any Debtor (as defined in the Intercreditor Agreement) under the Primary Finance Documents), no circumstances in which the Liens shall be released should be dealt with in individual Security Documents unless required by local law. If so required, such circumstances shall, except to the extent required by local law, be the same as those set out in the Intercreditor Agreement or this Indenture.



**Dated February 19, 2014**

**FIRST SUPPLEMENTAL INDENTURE**

**TO THE  
INDENTURE  
DATED AS OF JULY 25, 2013**

**£150,000,000 10.5% SENIOR SECURED NOTES DUE 2020**

between

**MARLIN INTERMEDIATE HOLDINGS PLC**  
as Issuer

**MARLIN FINANCIAL INTERMEDIATE II LIMITED**  
as Company

**CABOT FINANCIAL LIMITED**  
as CFL

**THE GUARANTORS PARTY HERETO**

and

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**  
as Trustee

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This **FIRST SUPPLEMENTAL INDENTURE**, dated as of February 19, 2014 (the "Supplemental Indenture"), by and among MARLIN INTERMEDIATE HOLDINGS PLC, a public limited company incorporated in England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the "Issuer"), MARLIN FINANCIAL INTERMEDIATE II LIMITED, a private limited company organized under the laws of England and Wales (the "Company"), CABOT FINANCIAL LIMITED, a private limited company incorporated in England and Wales with its registered office at 1 King's Hill Avenue, King's Hill, West Malling, Kent, ME19 4UA (the "CFL"), the Guarantors (as defined in the Indenture referred to herein) and THE BANK OF NEW YORK MELLON, LONDON BRANCH, as trustee (the "Trustee").

## RECITALS

WHEREAS, the Issuer, MARLIN FINANCIAL GROUP LIMITED, a private limited company organized under the laws of England and Wales ("MFG"), MARLIN FINANCIAL INTERMEDIATE LIMITED, a private limited company organized under the laws of England and Wales, the Company, the subsidiary guarantors named therein, the Trustee, THE BANK OF NEW YORK MELLON, LONDON BRANCH, as principal paying agent and transfer agent (the "Principal Paying Agent" and the "Transfer Agent," respectively), THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A., as registrar (the "Registrar") and ROYAL BANK OF SCOTLAND PLC, as security agent (the "Security Agent") have executed and delivered to the Trustee an indenture dated as of July 25, 2013 (the "Indenture"), providing for the issuance of an aggregate principal amount of £150,000,000 10.5% Senior Secured Notes due 2020 (the "Notes").

WHEREAS, pursuant to the first paragraph of Section 9.02 of the Indenture, the Issuer, the Guarantors and the Trustee may amend or supplement certain provisions of the Note Documents (as defined in the Indenture) with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding and certain Defaults or Events of Default (each as defined in the Indenture) or compliance with certain provisions of the Note Documents may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding.

WHEREAS, on February 10, 2014, Cabot Financial Holdings Group Limited consummated the purchase (the "Acquisition") of all outstanding shares of MFG pursuant to a share sale and purchase agreement dated February 8, 2014.

WHEREAS, in connection with the Acquisition, upon the terms and subject to the conditions set forth in its consent solicitation statement, dated as of February 12, 2014 (the "Consent Solicitation Statement"), the Issuer has solicited consents of the Holders of Notes to the Proposed Amendments and Waivers (as defined in the Consent Solicitation Statement), which, for the avoidance of doubt do not impair or affect a Holder's right to receive principal, premium, if any, or interest on the Note held by such Holder in accordance with Section 6.07 of the Indenture), and the Issuer has now obtained such consents from the Holders of at least a majority in principal amount of the outstanding Notes, and as such, this Supplemental Indenture, the amendments and waivers set forth herein and the Trustee's entry into this Supplemental Indenture are authorized pursuant to the first paragraph of Section 9.02 of the Indenture.

WHEREAS, Lucid Issuer Services Limited, as tabulation agent under the Consent Solicitation Statement, has advised the Issuer and the Trustee that it has received validly executed consents to the Proposed Amendments and Waivers from Holders representing a majority in aggregate principal amount of the outstanding Notes on or prior to the date hereof and that those consents have not been revoked.

WHEREAS, pursuant to the first and second paragraphs of Section 9.02 and Section 9.03 of the Indenture, the execution and delivery of this Supplemental Indenture has been duly authorized by the parties hereto, and all other acts necessary to make this Supplemental Indenture a valid and binding supplement to the Indenture effectively amending the Indenture as set forth herein have been duly taken.

## AGREEMENT

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration the receipt of which is hereby acknowledged, the Company, the Issuer, CFL, the Guarantors and the Trustee each mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

### Section 1. Capitalized Terms.

Any capitalized term used herein and not otherwise defined herein shall have the meaning assigned to such term in the Indenture.

### Section 2. Effectiveness; Conditions Precedent.

(a) The Issuer represents and warrants that each of the conditions precedent to the amendment and supplement of the Indenture (including such conditions pursuant to Section 7.02 and Section 9.02 of the Indenture) have been satisfied in all respects. Pursuant to Section 9.02 of the Indenture, the Holders of at least a majority in principal amount of the outstanding Notes voting as a single class have authorized and directed the Trustee to execute this Supplemental Indenture. The Issuer, the Company, CFL, the Guarantors and the Trustee are on this date executing this Supplemental Indenture which will become effective on the date hereof upon execution by each party hereto (the "Effective Date").

(b) Subject to Section 2 (d) below, the waivers set forth in Section 3 hereof and the amendments set forth in Section 4 hereof shall become operative in respect of all of the Notes on the Effective Date, without any further action by the parties hereto.

(c) The amendments set forth in Sections 5 and 6 hereof shall become operative in respect of all of the Notes on March 24, 2014 or an earlier date to be specified in writing by the Issuer to the Trustee (the "Structural Amendments Operative Date").

(d) Notwithstanding anything to the contrary in this Supplemental Indenture, all of the amendments and waivers set forth in Sections 3 to Section 6 (both inclusive) hereof will cease to be operative if the Issuer or an agent on its behalf does not pay the Consent Payment (as defined in the Consent Solicitation Statement) to Euroclear and Clearstream on behalf of the Holders on the Consent Payment Date (as defined in the Consent Solicitation Statement) as contemplated by the Consent Solicitation Statement.

### Section 3. Waivers.

Pursuant to Section 9.02 of the Indenture and subject to Section 2(d) hereof, all Holders and every subsequent Holder of the Notes shall be bound by the following waivers under the Indenture and the Notes, such waivers to be operative at and from the Effective Date:

(a) Section 4.15 of the Indenture with respect to the requirement that the Issuer make a Change of Control Offer in connection with the Acquisition is hereby waived.

(b) The relevant provisions of Article VI of the Indenture in connection with any and all defaults and events of default that might have arisen in connection with the Acquisition and any related transactions are hereby waived.

#### **Section 4. Change of Control Amendments.**

Pursuant to Section 9.02 of the Indenture and subject to Sections 2(d) hereof, the Indenture is hereby amended, such amendments to be operative at and from the Effective Date, as follows:

(a) The following definitions in Section 1.01 of the Indenture are hereby amended in their entirety to read as follows:

“Permitted Holders” means, collectively, (1) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture, (2) other than for purposes of Section 4.11(b)(12) in connection with the initial investment of any such Person in the Company and its Restricted Subsidiaries, any one or more Persons whose beneficial ownership would have constituted or resulted in a Change of Control but for the fact that such Change of Control is also a Specified Change of Control Event, (3) Senior Management and Related Persons, (4) J.C. Flowers and any funds controlled or advised by J.C. Flowers and any Affiliates or Related Persons thereof, (5) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity, and (6) Encore Capital and any Affiliates or Related Persons thereof. Any person or group that includes a Permitted Holder shall also be deemed to be a Permitted Holder, provided that Permitted Holders as defined in clauses (1), (3), (4) and (6) above retain exclusive beneficial ownership and control of at least 50.1% of the total voting power of the Voting Stock of the Company beneficially owned by any group that becomes a Permitted Holder at any time as a result of the application of this sentence (without giving effect to the existence of such group or any other group).”

“Related Person” with respect to any Person, means:

- (1) any controlling equity holder or Subsidiary of such Person, including for the avoidance of doubt, with respect to the Company, Encore Capital; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individuals and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or
- (4) in the case of J.C. Flowers, any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.”

(b) Section 1.01 of the Indenture is hereby amended to add the following terms and their corresponding definitions to read as follows:

“Encore Capital” means Encore Capital Group, Inc. and any successor thereto (by merger, consolidation, transfer, conversion of legal form or otherwise).”

“J.C. Flowers” means J.C. Flowers & Co. LLC and any successor thereto (by merger, consolidation, transfer, conversion of legal form or otherwise).”

(c) Section 1.01 of the Indenture is hereby amended to delete the following terms and their corresponding definitions in their entirety:

“Duke Street” means Duke Street LLP.”

“Equity Investors” means Duke Street, funds managed by Duke Street or any of its or their Affiliates, or any co-investment vehicle managed by Duke Street or any of its or their Affiliates.”

#### **Section 5. Structural Amendments.**

Pursuant to Section 9.02 of the Indenture and subject to Sections 2(c) and 2(d) hereof, the Indenture will hereby be amended, such amendments to be operative at and from the Structural Amendments Operative Date, as follows:

(a) The following definition in Section 1.01 of the Indenture will hereby be amended in its entirety to read as follows:

“Company” means Cabot Financial Limited (as the deemed successor to Marlin Financial Intermediate II Limited hereunder), together with its successors and assigns.”

(b) Section 1.01 of the Indenture will hereby be amended to add the following terms and their corresponding definitions to read as follows:

“Cabot 2020 Transactions” means the issuance of the senior secured notes under the Cabot Indenture dated August 2, 2013 and the use of proceeds thereof to pay transaction fees and expenses, repay amounts outstanding under the Cabot Senior Facilities Agreement and to make a dividend payment in order to repay a portion of certain existing shareholder loans.”

“Cabot Indentures” means (x) the indenture dated August 2, 2013 entered into between, among others, Cabot Financial (Luxembourg) S.A., as issuer, certain guarantors named therein, Citibank, N.A., London Branch, as trustee and J.P. Morgan Europe Limited, as security agent and (y) the indenture dated September 20, 2012 entered into between, among others, Cabot Financial (Luxembourg) S.A., as issuer, certain guarantors named therein, Citibank, N.A., London Branch, as trustee and J.P. Morgan Europe Limited, as security agent, in each case as restated, amended, supplemented or otherwise modified.”

“Cabot Intercreditor Agreement” means the intercreditor agreement dated September 20, 2012 entered into by, among others, the Company, as parent, Cabot Financial (Luxembourg) S.A., certain original debtors named therein, J.P. Morgan Europe Limited, as RCF agent and security agent, and Citibank N.A., London Branch, as senior note trustee and any restatement, amendment, supplement or other modification thereof.”

“Cabot Notes” means the notes issued under the Cabot Indentures.”

“Cabot Security Documents” means the security documents relating to the Cabot Notes.”

(c) Section 4.06(a) of the Indenture will hereby be amended in its entirety and replaced with the following:

“(a) The Issuer will not engage in any business or undertake any other activity, own any assets or incur any liabilities other than:

- (i) ownership of the Capital Stock of its Subsidiaries, debit and credit balances with Restricted Subsidiaries and other minimal credit and cash balances in bank accounts and related Investments in Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (ii) the provision of administration services (including the on-lending of monies to Restricted Subsidiaries in the manner described in (a) above) and management services to their respective Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services;
- (iii) the entry into and performance of its obligations (and incurrence of liabilities) under (or repurchase or acquisition by means of a tender offer, open market purchases or otherwise, of) the Notes, the Cabot Notes, this Indenture, the Cabot Indentures, any Credit Facility, any Hedging Obligations, any Public Debt, other Indebtedness (including any Additional Notes) or any other obligations, in each case permitted by this Indenture, the Cabot Indentures, any Security Document or Cabot Security Document to which it is a party, the Cabot Intercreditor Agreement, and the Intercreditor Agreement;
- (iv) the making of any payments or other distributions of the types specified in Section 4.07(a)(1), Section 4.07(a)(2) and Section 4.07(a)(3) in compliance with Section 4.07 and the making of any Permitted Investments of the types specified under clauses (6) and (16) of the definition thereof;
- (v) reorganizations for bona fide corporate purposes in compliance with Section 5.01; provided that any successor entity resulting from any such reorganization is subject to the covenant described in this Section 4.06;
- (vi) the granting of security interests in accordance with the terms of the Notes, the Cabot Notes, this Indenture, the Cabot Indentures, any Credit Facility, any Hedging Obligations, any Public Debt, other Indebtedness or any other obligations, in each case permitted by this Indenture, the Cabot Indentures, any Security Document or Cabot Security Document to which it is a party, the Cabot Intercreditor Agreement, and the Intercreditor Agreement;
- (vii) professional fees and administration costs in the ordinary course of business as a holding company;
- (viii) related or reasonably incidental to the establishment or maintenance of their or their respective Subsidiaries’ corporate existence;
- (ix) any liabilities under any purchase agreement or any other document entered into in connection with the issuance of the Notes or any other Indebtedness permitted under this Indenture (including any Additional Notes); and
- (x) any other activities which are not specifically listed above and (i) which are ancillary to or related to those listed above or (ii) which are de minimis in nature. The Issuer will not undertake any transaction that will require the Issuer to register as an “investment company” or an entity “controlled by an investment company” as defined in the US Investment Company Act of 1940, as amended, and the rules and regulations thereunder.”

(d) Section 4.07(b) of the Indenture will hereby be amended by the insertion of the following paragraph (16) after paragraph (15) as follows:

“(16) any payments associated with the Cabot 2020 Transactions.”

#### **Section 6. Conforming Amendments.**

Pursuant to Section 9.02 of the Indenture and subject to Sections 2(c) and 2(d) hereof, the the Indenture will hereby be amended, such amendments to be operative at and from the Structural Amendments Operative Date, as follows:

(a) Section 1.01 of the Indenture will hereby be amended to add the following terms and their corresponding definitions to read as follows:

““Cabot Senior Facilities Agreement” means the senior secured revolving credit facility agreement dated September 20, 2012, among the Company, J.P. Morgan Europe Limited, as security agent and facility agent, and the other parties named therein, as amended, amended and restated, supplemented, refinanced, replaced or otherwise modified from time to time.”

““CCM” means Cabot Credit Management Limited, a limited liability company organized under the laws of England and Wales, together with its successors and assigns.”

(b) Section 1.01 of the Indenture will hereby be amended to delete the following term and its corresponding definition in its entirety:

““New Revolving Credit Facility” means the senior secured revolving credit facility agreement dated on or around the Issue Date among the Company, the Security Agent, Investec Bank plc as facility agent and the other parties named therein, as amended, supplemented, refinanced, replaced or otherwise modified from time to time.”

(c) The definition of “Equity Offering” in Section 1.01 of the Indenture will hereby be amended in its entirety to read as follows:

““Equity Offering” means (x) a public sale of Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares and other than an Excluded Contribution) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the public sale of Capital Stock or other securities of the Parent, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or any of its Restricted Subsidiaries.”

(d) All references in the Indenture to “New Revolving Credit Facility” or “New Revolving Credit Facility Agreement” will hereby be replaced with “Cabot Senior Facilities Agreement”.



(e) The following definitions in Section 1.01 of the Indenture will hereby be amended in their entirety to read as follows:

“Priority Hedging Obligations” means designated Hedging Obligations in an aggregate amount outstanding at any time of up to £10 million.”

(f) Clause (7) of the definition of “Consolidated EBITDA” in Section 1.01 of the Indenture will hereby be amended in its entirety to read as follows:

“(7) the amount of management, monitoring, consulting, employment and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by Section 4.11; and”

(g) The last paragraph of the definition of “Consolidated Leverage Ratio” in Section 1.01 of the Indenture will hereby be amended in its entirety and replaced with the following:

“For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense, Consolidated Net Income and Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of synergies and cost savings) and (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.”

(h) The last paragraph of the definition of “Fixed Charge Coverage Ratio” in Section 1.01 of the Indenture will hereby be amended in its entirety and replaced with the following:

“For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (including synergies and cost savings). 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 Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. 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 Company may designate.”

(i) Clause (5) of the definition of “Parent Expenses” in Section 1.01 of the Indenture will hereby be amended in its entirety and replaced with the following:

“(5) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries in an amount not to exceed £1.5 million in any fiscal year;”

(j) Clause (C) of the definition of “Permitted Collateral Liens” in Section 1.01 of the Indenture will hereby be amended in its entirety and replaced with the following:

“(C) Liens on the Collateral securing Indebtedness incurred under Section 4.09(a); provided that, in the case of this clause (C), (x) after giving effect to such incurrence on that date, the Secured LTV Ratio is less than 0.625 and (y) any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) all other Liens on such Collateral securing the Notes and the Note Guarantees.”

(k) The definition of “Permitted Purchase Obligations” in Section 1.01 of the Indenture will hereby be amended in its entirety and replaced with the following:

“Permitted Purchase Obligations” means any Indebtedness Incurred by a Permitted Purchase Obligations SPV to finance or refinance the acquisition of Portfolio Assets purchased by such Permitted Purchase Obligations SPV, whether directly or through the acquisition of the Capital Stock of any Person owning such Portfolio, Assets or otherwise, in an aggregate principal amount not exceeding at the time of the incurrence of such Permitted Purchase Obligations, together with any other Indebtedness incurred pursuant to Section 4.09(b)(12) and then outstanding, 15.0% of the ERC of the Company and its Restricted Subsidiaries, calculated in good faith on a pro forma basis by management as of the date of purchase of such Portfolio Assets, provided that:

(1) except for the granting of a Lien described in clause (26) of the definition of “Permitted Liens,” no portion of any Permitted Purchase Obligations or any other obligations (contingent or otherwise) of the applicable Permitted Purchase Obligations SPV (i) is guaranteed by the Company or any other Restricted Subsidiary, (ii) is recourse to or obligates the Company or any other Restricted Subsidiary in any way, or (iii) subjects any property or asset of the Company or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(2) neither the Company nor any other Restricted Subsidiary has any obligation to maintain or preserve the applicable Permitted Purchase Obligations SPV’s financial condition or cause such entity to achieve certain levels of operating results; and

(3) such Permitted Purchase Obligation is secured (if at all) only over the assets of, and Capital Stock of, the relevant Permitted Purchase Obligations SPV.”

(l) The definition of “Refinancing Indebtedness” in Section 1.01 of the Indenture will hereby be amended in its entirety and replaced with the following:

“Refinancing Indebtedness” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of this Indenture or Incurred in compliance with this Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced, provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred within 120 days after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.”

(m) Sections 4.03(a)(1) of the Indenture will hereby be amended in its entirety and replaced with the following:

“(1) within 120 days after the end of the Company’s fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable the following information: (a) audited consolidated balance sheets of the Company or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company or its predecessor for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA (or equivalent measure), ERC and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies, which is similar in scope to the information provided in the Offering Memorandum; (d) description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;”

(n) Section 4.03(b) of the Indenture will hereby be amended in its entirety and replaced with the following:

“(b) All financial statements and pro forma financial information shall be prepared in accordance with GAAP in effect on the date of such report or financial statement (or otherwise on the basis of GAAP then in effect) and on a consistent basis for the periods presented; provided, however, that the reports set forth in Sections 4.03(a)(1), 4.03(a)(2) and 4.03(a)(3) may in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods. Except as provided for below, no report needs to include separate financial statements for any Subsidiaries of the Company. At its election, the Company may also include financial statements of CCM in lieu of those for the Company; provided that if the financial statements of CCM are included in such report, a reasonably detailed description of material differences between the financial statements of CCM and the Company shall be included for any period after the Issue Date.

(o) Section 4.07(b)(11) of the Indenture will hereby be amended in its entirety and replaced with the following:

“(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed £15.0 million;”

(p) Section 4.10(b) of the Indenture will hereby be amended in its entirety and replaced with the following:

“(b) Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph, or offered to be applied in accordance with Section 4.10(a)(3)(A)(ii) above, will be deemed to constitute “Excess Proceeds.” On the 366th day after an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of Excess Proceeds exceeds £10.0 million (or equivalent thereof), the Issuer shall be required to make an offer (“**Asset Disposition Offer**”) to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with Section 3.09 or the agreements governing the Pari Passu Indebtedness, as applicable, and in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof.”

(q) Section 4.11(a)(3) of the Indenture will hereby be amended in its entirety and replaced with the following:

“(3) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess of £20.0 million, the Company has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Company and its

Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate."

(r) Section 4.11(b)(11) of the Indenture will hereby be amended in its entirety and replaced with the following:

"(11) without duplication in respect of payments made pursuant to Section 4.11(b)(12), (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed £1.75 million per fiscal year and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this Section 4.11(b)(11)(b) are approved by a majority of the Board of Directors of the Company or a member of senior management in good faith;"

(s) Section 4.16(a) of the Indenture will hereby be amended in its entirety and replaced with the following:

"(a) The Company shall cause each Restricted Subsidiary (other than the Issuer) that, after the Issue Date, guarantees any Indebtedness of the Company, the Issuer or any Guarantor, or assumes or in any other manner becomes liable with respect to any Indebtedness under the Cabot Senior Facilities Agreement or any refinancing Indebtedness in respect thereof, to simultaneously or prior thereto execute and deliver a supplemental indenture substantially in the form of Exhibit D or other appropriate agreement providing for such Restricted Subsidiary's Note Guarantee on the same terms and conditions as those set forth in this Indenture. In addition, the Company shall cause each Restricted Subsidiary (other than the Issuer, an Immaterial Subsidiary or a Permitted Purchase Obligations SPV) to execute and deliver a supplemental indenture substantially in the form of Exhibit D or other appropriate agreement providing for such Restricted Subsidiary's guarantee of the Notes on the same terms and conditions as those set forth in this Indenture, within 30 days of delivery of the Company's or CCM's audited consolidated annual reports to the Trustee pursuant to Section 4.03 that show that such Restricted Subsidiary is not an Immaterial Subsidiary or a Permitted Purchase Obligations SPV (each such additional guarantee of the Notes, an "Additional Note Guarantee").

(t) Section 6.01(a)(5) of the Indenture will hereby be amended in its entirety and replaced with the following:

"(5) default under any mortgage, Indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness (“payment default”); or

(b) results in the acceleration of such Indebtedness prior to its maturity;

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £10.0 million or more;”

(u) Section 6.01(a)(7) of the Indenture will hereby be amended in its entirety and replaced with the following:

“(7) failure by the Issuer, the Company or any Restricted Subsidiary to pay final judgments aggregating in excess of £10.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final;”

(v) Clause (3) of Section 12.04 of the Indenture will hereby be amended in its entirety and replaced with the following:

“(3) in connection with any disposition of Collateral to any Person other than the Company or any of its Restricted Subsidiaries, or to a Guarantor (other than CCM); provided that if the Collateral is disposed to such Guarantor, the relevant Collateral becomes immediately subject to a substantially equivalent Lien in favor of the Security Agent securing the Notes (but excluding any transaction subject to Section 5.01(a); provided further, that, in each case, such disposition is permitted by Section 4.10 and the other provisions of this Indenture;”

(w) Section 12.05 of the Indenture is hereby amended in its entirety and replaced with the following:

“Additional Intercreditor Agreement. At the request of the Issuer, in connection with the Incurrence or refinancing by the Company or its Restricted Subsidiaries of any Indebtedness secured or permitted to be secured on the Collateral, CCM, the Company, the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into an intercreditor or similar agreement or a restatement, amendment or other modification of the existing Intercreditor Agreement (an “Additional Intercreditor Agreement”) with the holders of such Indebtedness (or their duly authorized representatives) on substantially the same terms as the Intercreditor Agreement (or on terms that in the good faith judgment of the Issuer are not materially less favorable to the Holders), including containing substantially the same terms with respect to the application of the proceeds of the collateral held thereunder and the means of enforcement, it being understood that an increase in the amount of Indebtedness being subject to the terms of the Intercreditor Agreement or Additional Intercreditor Agreement shall not be deemed to be less favorable to the Holders and shall be permitted by this Section 12.05 if the incurrence of such Indebtedness and any Lien in its favor is permitted by Section 4.09 and Section 4.12; provided that such Additional Intercreditor Agreement shall not impose any personal obligations on the Trustee

or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under this Indenture or the Intercreditor Agreement. As used herein, the term “Intercreditor Agreement” shall include references to any Additional Intercreditor Agreement that supplements or replaces the Intercreditor Agreement entered into on or prior to the Issue Date.”

(x) Section 13.02 of the Indenture will hereby be amended by replacing the second paragraph thereof with the following:

If to the Issuer or any Guarantor:

Marlin Intermediate Holdings plc  
16-22 Grafton Road  
Worthing  
West Sussex BN11 1QP  
United Kingdom  
Facsimile: +44 1903 282 296

with a copy to:

White & Case LLP  
5 Old Broad Street  
London EC2N 1DW  
United Kingdom  
Facsimile: +44 (0) 20 7532 1001  
Attention: Rob Mathews

#### **Section 7. Global Notes.**

Each Global Note shall be deemed supplemented, modified and amended in such manner as necessary to make the terms of such Global Note consistent with the terms of the Indenture, as supplemented and amended by this Supplemental Indenture. To the extent of any conflict between the terms of the Global Notes and the terms of the Indenture, as supplemented by this Supplemental Indenture, the terms of the Indenture, as supplemented by this Supplemental Indenture, shall govern and be controlling.

#### **Section 8. Ratification and Effect.**

Except as hereby expressly waived, supplemented, modified and amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Upon and after the execution of this Supplemental Indenture, each reference in the Indenture to “this Indenture,” “hereunder,” “hereof” or words of like import referring to the Indenture shall mean and be a reference to the Indenture as modified hereby.

**Section 9. Governing Law.**

**THIS SUPPLEMENTAL INDENTURE AND THE NOTES AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

**Section 10. Agent for Service; Submission to Jurisdiction; Waiver of Immunities.**

The Issuer and each Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

**Section 11. Counterpart Originals.**

The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

**Section 12. The Trustee.**

The Trustee has entered into this Supplemental Indenture solely upon request of the Issuer and assumes no obligations hereunder. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the other parties hereto and not the Trustee.

**Section 13. Effect of Headings.**

The section headings herein are for convenience only and shall not affect the construction hereof.

**Section 14. Conflicts.**

To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

**Section 15. Entire Agreement.**

This Supplemental Indenture constitutes the entire agreement of the parties hereto with respect to the amendments to the Indenture and waivers under the Indenture set forth herein.



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**Section 16. Successors.**

All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

*(Signature page follows.)*

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed on their respective behalf, by their respective representative thereunto duly authorized, on the date first above written.

MARLIN INTERMEDIATE HOLDINGS PLC  
as Issuer

By: /s/ Christopher Ross-Roberts  
Name: Christopher Ross-Roberts  
Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN FINANCIAL INTERMEDIATE II LIMITED  
as Company

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

CABOT FINANCIAL LIMITED  
as CFL

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN FINANCIAL GROUP LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN FINANCIAL INTERMEDIATE LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN MIDWAY LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

BLACK TIP CAPITAL HOLDINGS LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*



MARLIN SENIOR HOLDINGS LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN PORTFOLIO HOLDINGS LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN FINANCIAL SERVICES LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN LEGAL SERVICES LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN CAPITAL EUROPE LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MCE PORTFOLIO LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MFS PORTFOLIO LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

MARLIN EUROPE I LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*



MARLIN EUROPE II LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

ME III LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

ME IV LIMITED  
as Guarantor

By: /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

*Signature Page to First Supplemental Indenture*

THE BANK OF NEW YORK MELLON, LONDON BRANCH  
as Trustee

By: /s/ Paul Cattermole

Name: Paul Cattermole

Title: Vice President

*Signature Page to First Supplemental Indenture*



December 16, 2013

To: Encore Capital Group, Inc.  
 3111 Camino Del Rio North, Suite 1300  
 San Diego, California 92108  
 Attn: Paul Grinberg, Chief Financial Officer  
 Telephone: 858-309-6904  
 Facsimile: 858-309-6977

From: Deutsche Bank AG, London Branch  
 Winchester House  
 1 Great Winchester St, London EC2N 2DB  
 Telephone: 44 20 7545 8000

c/o Deutsche Bank Securities Inc.  
 60 Wall Street  
 New York, NY 10005  
 Telephone: 212-250-2500

**Re: Amendment to Warrant Transactions**

Ladies and Gentlemen:

This letter agreement (this "**Amendment**") amends the letter agreement re: Base Issuer Warrant Transaction, between Deutsche Bank AG, London Branch ("**Dealer**") and Encore Capital Group, Inc. ("**Issuer**"), dated November 20, 2012 (such letter agreement, the "**Base Warrant Confirmation**" and the "Transaction" as defined therein, the "**Base Warrant Transaction**"), and the letter agreement re: Additional Issuer Warrant Transaction, between Dealer and Issuer, dated December 6, 2012 (such letter agreement, the "**Additional Warrant Confirmation**" and together with the Base Warrant Confirmation, the "**Confirmations**," and the "Transaction" as defined in the Additional Warrant Confirmation, the "**Additional Warrant Transaction**" and together with the Base Warrant Transaction, the "**Transactions**"), as set forth below. Any capitalized term used but not defined herein shall have the meaning assigned thereto in the Base Warrant Confirmation or the Additional Warrant Confirmation, as the context shall require.

1. *Amendments.*

a. If the Hedge Completion Percentage is 100%, each Confirmation shall be amended by increasing the "Strike Price" of each Transaction from USD 44.1875 to USD 60.00.

b. If the Hedge Completion Percentage is less than 100%:

i. The Additional Warrant Confirmation shall be amended by:

1. Replacing the "Number of Warrants" for each "Component" other than the last "Component" of the Additional Warrant Transaction with a number of "Warrants" (the "**Additional Daily Warrant Number**") equal to (i) the product of (a) the Hedge Completion Percentage and (b) the Total Number of

2. Warrants, rounded down to the nearest whole number (the “**Additional Total Warrant Number**”) *divided by* (ii) 150, rounded down to the nearest whole number;
  3. Replacing the “Number of Warrants” for the last “Component” of the Additional Warrant Transaction with a number of “Warrants” equal to the (i) the Additional Total Warrant Number *less* (ii) the product of 149 and the Additional Daily Warrant Number; and
  4. Increasing the “Strike Price” of the Additional Warrant Transaction from USD 44.1875 to USD 60.00; and
- ii. The Base Warrant Confirmation shall be amended by:
1. Replacing the “Number of Warrants” for each “Component” other than the last “Component” of the Base Warrant Transaction with a number of “Warrants” (the “**Base Daily Warrant Number**”) equal to (i) the Total Number of Warrants *less* the aggregate “Number of Warrants” for all “Components” under the Additional Warrant Transaction, after giving effect to the amendments set forth in Section 1.b.i above (the “**Base Total Warrant Number**”), *divided by* (ii) 150, rounded down to the nearest whole number; and
  2. Replacing the “Number of Warrants” for the last “Component” of the Base Warrant Transaction with a number of “Warrants” equal to (i) the Base Total Warrant Number *less* (ii) the product of 149 and the Base Daily Warrant Number.

2. *Hedging Completion Notice.* On the first Scheduled Trading Day following the Hedge Completion Date, Dealer will deliver to Issuer a hedging completion notice substantially in the form set forth in Annex B hereto, and no later than the first Scheduled Trading Day following delivery to Issuer of such notice, absent manifest error, Issuer will return to Dealer a counter-signed copy thereof.

3. *Restrike Cost.* In consideration for the amendments contained herein:

a. On December 19, 2013, Issuer shall pay to Dealer an amount in USD equal to the product of (i) 13,895,000 and (ii) 40% (such product, the “**Prepayment Amount**”); and

b. On the later of the third Currency Business Day following the Hedge Completion Date and January 2, 2014, (A) if the Aggregate Restrike Cost exceeds the Prepayment Amount, Issuer shall pay to Dealer an amount in USD equal to such excess or (B) if the Prepayment Amount exceeds the Aggregate Restrike Cost, Dealer shall pay to Issuer an amount in USD equal to such excess.

4. *Definitions.* As used herein:

“**Aggregate Restrike Cost**” means the product of (i) the Hedge Completion Percentage *multiplied by* the Total Number of Warrants and (ii) the Restrike Cost Per Share.

“**Delta**” means the “Delta” set forth in the grid in Annex A hereto corresponding to the Hedge Execution Price; *provided that* (i) if the Hedge Execution Price is between “Hedge Execution Prices” set forth in such grid, “**Delta**” shall be determined by linear interpolation between the “Deltas” set forth in such grid corresponding to such “Hedge Execution Prices” and (ii) if the Hedge Execution Price is less than the lowest “Hedge Execution Price” set forth in such grid, “**Delta**” will be determined by the Calculation Agent in a manner consistent with the methodology used in creating such grid.

“**Hedge Completion Percentage**” means the ratio of the Hedge Purchase Number to the Target Hedge Purchase Number.

“**Hedge Execution Price**” means the per-Share volume-weighted average price at which Dealer (or its affiliate or agent) purchases Shares during the Hedging Period to adjust its Hedge Positions in connection with this Amendment; *provided* that the price per Share for any such purchase shall not exceed the Limit Price (as defined in Annex A hereto).

“**Hedge Purchase Number**” means the number of Shares purchased by Dealer (or its affiliate or agent) during the Hedging Period to adjust its Hedge Positions in connection with this Amendment.

“**Hedging Period**” means the period of consecutive Scheduled Trading Days beginning on, and including, December 17, 2013, and ending on, and including, the earlier of (i) the first date on which Dealer (or its affiliate or agent) has completed purchasing Shares to adjust its Hedge Positions in connection with this Amendment and (ii) February 20, 2014 (such earlier date, the “**Hedge Completion Date**”).

“**Restrike Cost Per Share**” means the “Restrike Cost Per Share” set forth in the grid in Annex A hereto corresponding to the Hedge Execution Price; *provided* that (i) if the Hedge Execution Price is between “Hedge Execution Prices” set forth in such grid, the “**Restrike Cost Per Share**” shall be determined by linear interpolation between the “Restrike Costs Per Share” set forth in such grid corresponding to such “Hedge Execution Prices” and (ii) if the Hedge Execution Price is less than the lowest “Hedge Execution Price” set forth in such grid, the “**Restrike Cost Per Share**” will be determined by the Calculation Agent in a manner consistent with the methodology used in creating such grid.

“**Target Hedge Purchase Number**” means a number of Shares equal to the product of (i) Delta and (ii) the Total Number of Warrants, rounded down to the nearest Share.

“**Total Number of Warrants**” means the sum of (i) the aggregate “Number of Warrants” for all “Components” under the Base Warrant Transaction and (ii) the aggregate “Number of Warrants” for all “Components” under the Additional Warrant Transaction (without giving effect to the amendments set forth herein).

5. *Representations, Warranties and Covenants.*

a. Each party re-makes, as of the date hereof, each of the representations and warranties set forth in Section 3(a) of the Agreement and Section 7(b) of the Confirmations.

b. Issuer re-makes, as of the date hereof, each of the representations and warranties, and agrees to comply with the covenants, set forth in Section 7(a)(i), (iv), (v), (vi), (ix)(C) and (x) of the Confirmations; *provided* that, solely for this purpose:

i. Any reference therein to:

1. the Confirmation shall be deemed replaced by this Amendment;
2. the Trade Date or the Effective Date shall, in each case, be deemed replaced by the date hereof;

3. the Transaction shall be deemed to refer to the Transaction as amended hereby; and
4. the Settlement Period (including, for the avoidance of doubt, references to certain Expiration Dates in the definition thereof) shall be deemed replaced by the Hedging Period; and

ii. The exception set forth in Section 7(a)(x) of the Confirmations for purchases, offers or orders through Dealer or Royal Bank of Canada or Société Générale shall not apply. For the avoidance of doubt, Issuer shall not be deemed to have breached Section 7(a)(x) of the Confirmations on account of its entry into this Amendment or the other warrant transaction amendments executed substantially contemporaneously herewith.

c. Issuer represents, warrants and covenants to Dealer that:

i. Issuer is entering into this Amendment in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act (“**Rule 10b5-1**”) or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares. Issuer and Dealer each acknowledges that it is the intent of the parties that this Amendment comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 and this Amendment shall be interpreted to comply with the requirements of Rule 10b5-1(c).

ii. Issuer is entering into this Amendment hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares.

iii. Issuer acknowledges and agrees that any amendment, modification or waiver of the terms set forth herein must be effected in accordance with the requirements for the amendment of a “plan” as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification or waiver shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Issuer is aware of any material non-public information regarding Issuer or the Shares.

d. Dealer acknowledges and agrees that Section 3 of the Confirmations will apply to any judgment, determination or calculation made by the Calculation Agent in connection with this Amendment.

6. *Adjustments.* If any event occurs with respect to Issuer or the Shares during the Hedging Period that gives rise to an adjustment under the Confirmations or the Equity Definitions to the terms of the Transactions, the Calculation Agent will also adjust the terms set forth herein as appropriate to preserve the economic intent of the parties.

7. *Continuing Effect.* Except as expressly amended hereby, the terms and provisions of the Transactions and Confirmations shall remain and continue in full force and effect and are hereby confirmed in all respects.



8. *Counterparts*. This Amendment may be signed in any number of counterparts, each of which shall be considered an original, with the same effect as if all of the signatures hereto and thereto were upon the same instrument.

9. *Waiver of Trial by Jury*. **EACH OF ISSUER AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTIONS, AS AMENDED HEREBY, OR THE ACTIONS OF DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT OF THIS AMENDMENT AND THE CONFIRMATIONS AS AMENDED HEREBY.**

10. *Governing Law; Jurisdiction*. **THIS AMENDMENT AND EACH CONFIRMATIONS AS AMENDED HEREBY AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE CONFIRMATIONS AS AMENDED HEREBY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IN CONNECTION WITH ALL MATTERS RELATING HERETO AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN, AND ANY CLAIM OF INCONVENIENT FORUM WITH RESPECT TO, THESE COURTS.**

Please confirm that the foregoing correctly sets forth the terms of our agreement by sending to us a letter or telex substantially similar to this facsimile, which letter or telex sets forth the terms of the amendments to the Transactions and indicates your agreement to those terms. Dealer will make the time of execution of the Amendment available upon request.

Dealer is regulated by the Financial Services Authority.

**DEUTSCHE BANK AG, LONDON BRANCH**

By: /s/ Michael Sanderson  
Name: Michael Sanderson  
Title: Managing Director

By: /s/ Lars Kestner  
Name: Lars Kestner  
Title: Managing Director

**DEUTSCHE BANK SECURITIES INC.,**  
acting solely as Agent in connection with the Transactions

By: /s/ Michael Sanderson  
Name: Michael Sanderson  
Title: Managing Director

By: /s/ Lars Kestner  
Name: Lars Kestner  
Title: Managing Director

Confirmed and Acknowledged as of the date first above written:

**ENCORE CAPITAL GROUP, INC.**

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President and Chief Executive Officer

ANNEX A

<u>Hedge Execution Price</u>	<u>Restrike Cost Per Share</u>	<u>Delta</u>
\$40.00	\$6.05	22.3%
\$42.00	\$6.49	21.8%
\$44.00	\$6.92	21.3%
\$46.00	\$7.34	20.6%
\$48.00	\$7.75	20.0%
\$50.00	\$8.14	19.2%

Limit Price: \$49.00.

## FORM OF HEDGING COMPLETION NOTICE

[DATE]

To: Encore Capital Group, Inc.  
 3111 Camino Del Rio North, Suite 1300  
 San Diego, California 92108  
 Attn: Paul Grinberg, Chief Financial Officer  
 Telephone: 858-309-6904  
 Facsimile: 858-309-6977

Reference is hereby made to the letter agreement re: Amendment to Warrant Transactions (the "**Amendment**"), dated December 16, 2013, between Deutsche Bank AG, London Branch ("**Dealer**") and Encore Capital Group, Inc. ("**Issuer**"). Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Amendment. For purposes of the Amendment and the Confirmations, the following terms shall have the meanings set forth below:

Aggregate Restrike Cost:	[ ]
Delta:	[ ]
Hedge Completion Date:	[ ]
Hedge Completion Percentage:	[ ]
Hedge Execution Price:	[ ]
Hedge Purchase Number:	[ ]
Restrike Cost Per Share:	[ ]
Target Hedge Purchase Number:	[ ]

*[For Additional Warrant Transaction:*

"Number of Warrants" for each "Component" other than the last "Component":	[ ]
"Number of Warrants" for last "Component":	[ ]

*For Base Warrant Transaction:*

"Number of Warrants" for each "Component" other than the last "Component":	[ ]
"Number of Warrants" for last "Component":	[ ] <sup>1</sup>

<sup>1</sup> Include if Hedge Completion Percentage is less than 100%.

**DEUTSCHE BANK AG, LONDON BRANCH**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**DEUTSCHE BANK SECURITIES INC.,**  
acting solely as Agent in connection with the Transactions

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

Confirmed and Acknowledged as of the date first above written:

**ENCORE CAPITAL GROUP, INC.**

By: \_\_\_\_\_  
Name:  
Title:

December 16, 2013

To: Encore Capital Group, Inc.  
 3111 Camino Del Rio North, Suite 1300  
 San Diego, California 92108  
 Attn: Paul Grinberg, Chief Financial Officer  
 Telephone: 858-309-6904  
 Facsimile: 858-309-6977

From: RBC Capital Markets, LLC  
 as agent for Royal Bank of Canada  
 3 World Financial Center – 8<sup>th</sup> Floor  
 200 Vesey Street  
 New York, NY 10281-8089  
 Telephone: 212-858-7000  
 Facsimile: 212-428-3053

**Re: Amendment to Warrant Transactions**

Ladies and Gentlemen:

This letter agreement (this “**Amendment**”) amends the letter agreement re: Base Issuer Warrant Transaction, between Royal Bank of Canada (“**Dealer**”) and Encore Capital Group, Inc. (“**Issuer**”), dated November 20, 2012 (such letter agreement, the “**Base Warrant Confirmation**” and the “**Transaction**” as defined therein, the “**Base Warrant Transaction**”), and the letter agreement re: Additional Issuer Warrant Transaction, between Dealer and Issuer, dated December 6, 2012 (such letter agreement, the “**Additional Warrant Confirmation**” and together with the Base Warrant Confirmation, the “**Confirmations**,” and the “**Transaction**” as defined in the Additional Warrant Confirmation, the “**Additional Warrant Transaction**” and together with the Base Warrant Transaction, the “**Transactions**”), as set forth below. Any capitalized term used but not defined herein shall have the meaning assigned thereto in the Base Warrant Confirmation or the Additional Warrant Confirmation, as the context shall require.

1. *Amendments.*

a. If the Hedge Completion Percentage is 100%, each Confirmation shall be amended by increasing the “Strike Price” of each Transaction from USD 44.1875 to USD 60.00.

b. If the Hedge Completion Percentage is less than 100%:

i. The Additional Warrant Confirmation shall be amended by:

1. Replacing the “Number of Warrants” for each “Component” other than the last “Component” of the Additional Warrant Transaction with a number of “Warrants” (the “**Additional Daily Warrant Number**”) equal to (i) the product of (a) the Hedge Completion Percentage and (b) the Total Number of Warrants, rounded down to the nearest whole number (the “**Additional Total Warrant Number**”) *divided by* (ii) 150, rounded down to the nearest whole number;

2. Replacing the “Number of Warrants” for the last “Component” of the Additional Warrant Transaction with a number of “Warrants” equal to the (i) the Additional Total Warrant Number *less* (ii) the product of 149 and the Additional Daily Warrant Number; and
  3. Increasing the “Strike Price” of the Additional Warrant Transaction from USD 44.1875 to USD 60.00; and
- ii. The Base Warrant Confirmation shall be amended by:
1. Replacing the “Number of Warrants” for each “Component” other than the last “Component” of the Base Warrant Transaction with a number of “Warrants” (the “**Base Daily Warrant Number**”) equal to (i) the Total Number of Warrants *less* the aggregate “Number of Warrants” for all “Components” under the Additional Warrant Transaction, after giving effect to the amendments set forth in Section 1.b.i above (the “**Base Total Warrant Number**”), *divided by* (ii) 150, rounded down to the nearest whole number; and
  2. Replacing the “Number of Warrants” for the last “Component” of the Base Warrant Transaction with a number of “Warrants” equal to (i) the Base Total Warrant Number *less* (ii) the product of 149 and the Base Daily Warrant Number.

2. *Hedging Completion Notice.* On the first Scheduled Trading Day following the Hedge Completion Date, Dealer will deliver to Issuer a hedging completion notice substantially in the form set forth in Annex B hereto, and no later than the first Scheduled Trading Day following delivery to Issuer of such notice, absent manifest error, Issuer will return to Dealer a counter-signed copy thereof.

3. *Restrike Cost.* In consideration for the amendments contained herein:

a. On December 19, 2013, Issuer shall pay to Dealer an amount in USD equal to the product of (i) 13,895,000 and (ii) 40% (such product, the “**Prepayment Amount**”); and

b. On the later of the third Currency Business Day following the Hedge Completion Date and January 2, 2014, (A) if the Aggregate Restrike Cost exceeds the Prepayment Amount, Issuer shall pay to Dealer an amount in USD equal to such excess or (B) if the Prepayment Amount exceeds the Aggregate Restrike Cost, Dealer shall pay to Issuer an amount in USD equal to such excess.

4. *Definitions.* As used herein:

“**Aggregate Restrike Cost**” means the product of (i) the Hedge Completion Percentage *multiplied by* the Total Number of Warrants and (ii) the Restrike Cost Per Share.

“**Delta**” means the “Delta” set forth in the grid in Annex A hereto corresponding to the Hedge Execution Price; *provided that* (i) if the Hedge Execution Price is between “Hedge Execution Prices” set forth in such grid, “**Delta**” shall be determined by linear interpolation between the “Deltas” set forth in such grid corresponding to such “Hedge Execution Prices” and (ii) if the Hedge Execution Price is less than the lowest “Hedge Execution Price” set forth in such grid, “**Delta**” will be determined by the Calculation Agent in a manner consistent with the methodology used in creating such grid.

“**Hedge Completion Percentage**” means the ratio of the Hedge Purchase Number to the Target Hedge Purchase Number.

“**Hedge Execution Price**” means the per-Share volume-weighted average price at which Dealer (or its affiliate or agent) purchases Shares during the Hedging Period to adjust its Hedge Positions in connection with this Amendment; *provided* that the price per Share for any such purchase shall not exceed the Limit Price (as defined in Annex A hereto).

“**Hedge Purchase Number**” means the number of Shares purchased by Dealer (or its affiliate or agent) during the Hedging Period to adjust its Hedge Positions in connection with this Amendment.

“**Hedging Period**” means the period of consecutive Scheduled Trading Days beginning on, and including, December 17, 2013, and ending on, and including, the earlier of (i) the first date on which Dealer (or its affiliate or agent) has completed purchasing Shares to adjust its Hedge Positions in connection with this Amendment and (ii) February 20, 2014 (such earlier date, the “**Hedge Completion Date**”).

“**Restrike Cost Per Share**” means the “Restrike Cost Per Share” set forth in the grid in Annex A hereto corresponding to the Hedge Execution Price; *provided* that (i) if the Hedge Execution Price is between “Hedge Execution Prices” set forth in such grid, the “**Restrike Cost Per Share**” shall be determined by linear interpolation between the “Restrike Costs Per Share” set forth in such grid corresponding to such “Hedge Execution Prices” and (ii) if the Hedge Execution Price is less than the lowest “Hedge Execution Price” set forth in such grid, the “**Restrike Cost Per Share**” will be determined by the Calculation Agent in a manner consistent with the methodology used in creating such grid.

“**Target Hedge Purchase Number**” means a number of Shares equal to the product of (i) Delta and (ii) the Total Number of Warrants, rounded down to the nearest Share.

“**Total Number of Warrants**” means the sum of (i) the aggregate “Number of Warrants” for all “Components” under the Base Warrant Transaction and (ii) the aggregate “Number of Warrants” for all “Components” under the Additional Warrant Transaction (without giving effect to the amendments set forth herein).

5. *Representations, Warranties and Covenants.*

a. Each party re-makes, as of the date hereof, each of the representations and warranties set forth in Section 3(a) of the Agreement and Section 7(b) of the Confirmations.

b. Issuer re-makes, as of the date hereof, each of the representations and warranties, and agrees to comply with the covenants, set forth in Section 7(a)(i), (iv), (v), (vi), (ix)(C) and (x) of the Confirmations; *provided* that, solely for this purpose:

i. Any reference therein to:

1. the Confirmation shall be deemed replaced by this Amendment;
2. the Trade Date or the Effective Date shall, in each case, be deemed replaced by the date hereof;
3. the Transaction shall be deemed to refer to the Transaction as amended hereby; and
4. the Settlement Period (including, for the avoidance of doubt, references to certain Expiration Dates in the definition thereof) shall be deemed replaced by the Hedging Period; and

ii. The exception set forth in Section 7(a)(x) of the Confirmations for purchases, offers or orders through Dealer or Deutsche Bank AG or Société Générale shall not apply. For the avoidance of doubt, Issuer shall not be deemed to have breached Section 7(a)(x) of the Confirmations on account of its entry into this Amendment or the other warrant transaction amendments executed substantially contemporaneously herewith.



c. Issuer represents, warrants and covenants to Dealer that:

i. Issuer is entering into this Amendment in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act (“**Rule 10b5-1**”) or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares. Issuer and Dealer each acknowledges that it is the intent of the parties that this Amendment comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 and this Amendment shall be interpreted to comply with the requirements of Rule 10b5-1(c).

ii. Issuer is entering into this Amendment hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares.

iii. Issuer acknowledges and agrees that any amendment, modification or waiver of the terms set forth herein must be effected in accordance with the requirements for the amendment of a “plan” as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification or waiver shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Issuer is aware of any material non-public information regarding Issuer or the Shares.

d. Dealer acknowledges and agrees that Section 3 of the Confirmations will apply to any judgment, determination or calculation made by the Calculation Agent in connection with this Amendment.

6. *Adjustments.* If any event occurs with respect to Issuer or the Shares during the Hedging Period that gives rise to an adjustment under the Confirmations or the Equity Definitions to the terms of the Transactions, the Calculation Agent will also adjust the terms set forth herein as appropriate to preserve the economic intent of the parties.

7. *Continuing Effect.* Except as expressly amended hereby, the terms and provisions of the Transactions and Confirmations shall remain and continue in full force and effect and are hereby confirmed in all respects.

8. *Counterparts.* This Amendment may be signed in any number of counterparts, each of which shall be considered an original, with the same effect as if all of the signatures hereto and thereto were upon the same instrument.

9. *Waiver of Trial by Jury.* EACH OF ISSUER AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTIONS, AS AMENDED HEREBY, OR THE ACTIONS OF DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT OF THIS AMENDMENT AND THE CONFIRMATIONS AS AMENDED HEREBY.

10. *Governing Law; Jurisdiction.* THIS AMENDMENT AND EACH CONFIRMATIONS AS AMENDED HEREBY AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE CONFIRMATIONS AS AMENDED HEREBY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IN CONNECTION WITH ALL MATTERS RELATING HERETO AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN, AND ANY CLAIM OF INCONVENIENT FORUM WITH RESPECT TO, THESE COURTS.

This Amendment may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Issuer hereby agrees to check this Amendment to confirm that the foregoing correctly sets forth the terms of the amendments to the Transactions by signing in the space provided below and returning to Dealer a facsimile of the fully-executed Amendment to Dealer at (212) 428-3053. Originals shall be provided for your execution upon your request.

We are very pleased to have executed the Amendment with you and we look forward to completing other transactions with you in the near future.

Very truly yours,

**ROYAL BANK OF CANADA**  
**by its agent**  
**RBC Capital Markets, LLC**

By: /s/ Alex Rabaev

Name: Alex Rabaev

Title: Associate Director

Confirmed and Acknowledged as of the date first above written:

**ENCORE CAPITAL GROUP, INC.**

By: /s/ Kenneth A. Vecchione

Name: Kenneth A. Vecchione

Title: President and Chief Executive Officer

ANNEX A

<u>Hedge Execution Price</u>	<u>Restrike Cost Per Share</u>	<u>Delta</u>
\$40.00	\$6.05	22.3%
\$42.00	\$6.49	21.8%
\$44.00	\$6.92	21.3%
\$46.00	\$7.34	20.6%
\$48.00	\$7.75	20.0%
\$50.00	\$8.14	19.2%

Limit Price: \$49.00.

## FORM OF HEDGING COMPLETION NOTICE

[DATE]

To: Encore Capital Group, Inc.  
 3111 Camino Del Rio North, Suite 1300  
 San Diego, California 92108  
 Attn: Paul Grinberg, Chief Financial Officer  
 Telephone: 858-309-6904  
 Facsimile: 858-309-6977

Reference is hereby made to the letter agreement re: Amendment to Warrant Transactions (the "**Amendment**"), dated December 16, 2013, between Royal Bank of Canada ("**Dealer**") and Encore Capital Group, Inc. ("**Issuer**"). Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Amendment. For purposes of the Amendment and the Confirmations, the following terms shall have the meanings set forth below:

Aggregate Restrike Cost:	[     ]
Delta:	[     ]
Hedge Completion Date:	[     ]
Hedge Completion Percentage:	[     ]
Hedge Execution Price:	[     ]
Hedge Purchase Number:	[     ]
Restrike Cost Per Share:	[     ]
Target Hedge Purchase Number:	[     ]

*[For Additional Warrant Transaction:*

“Number of Warrants” for each “Component” other than the last “Component”:	[     ]
“Number of Warrants” for last “Component”:	[     ]

*For Base Warrant Transaction:*

“Number of Warrants” for each “Component” other than the last “Component”:	[     ]
“Number of Warrants” for last “Component”:	[     ]] <sup>1</sup>

<sup>1</sup> Include if Hedge Completion Percentage is less than 100%.

Very truly yours,

**ROYAL BANK OF CANADA**  
**by its agent**  
**RBC Capital Markets, LLC**

By: \_\_\_\_\_  
Name:  
Title:

Confirmed and Acknowledged as of the date first above written:

**ENCORE CAPITAL GROUP, INC.**

By: \_\_\_\_\_  
Name:  
Title:



December 16, 2013

To: Encore Capital Group, Inc.  
 3111 Camino Del Rio North, Suite 1300  
 San Diego, California 92108  
 Attn: Paul Grinberg, Chief Financial Officer  
 Telephone: 858-309-6904  
 Facsimile: 858-309-6977

From: Société Générale  
 245 Park Avenue  
 New York, NY 10167

Re: **Amendment to Warrant Transactions**

Ladies and Gentlemen:

This letter agreement (this “**Amendment**”) amends the letter agreement re: Base Issuer Warrant Transaction, between Société Générale (“**Dealer**”) and Encore Capital Group, Inc. (“**Issuer**”), dated November 20, 2012 (such letter agreement, the “**Base Warrant Confirmation**” and the “**Transaction**” as defined therein, the “**Base Warrant Transaction**”), and the letter agreement re: Additional Issuer Warrant Transaction, between Dealer and Issuer, dated December 6, 2012 (such letter agreement, the “**Additional Warrant Confirmation**” and together with the Base Warrant Confirmation, the “**Confirmations**,” and the “**Transaction**” as defined in the Additional Warrant Confirmation, the “**Additional Warrant Transaction**” and together with the Base Warrant Transaction, the “**Transactions**”), as set forth below. Any capitalized term used but not defined herein shall have the meaning assigned thereto in the Base Warrant Confirmation or the Additional Warrant Confirmation, as the context shall require.

1. *Amendments.*

a. If the Hedge Completion Percentage is 100%, each Confirmation shall be amended by increasing the “Strike Price” of each Transaction from USD 44.1875 to USD 60.00.

b. If the Hedge Completion Percentage is less than 100%:

i. The Additional Warrant Confirmation shall be amended by:

1. Replacing the “Number of Warrants” for each “Component” other than the last “Component” of the Additional Warrant Transaction with a number of “Warrants” (the “**Additional Daily Warrant Number**”) equal to (i) the product of (a) the Hedge Completion Percentage and (b) the Total Number of Warrants, rounded down to the nearest whole number (the “**Additional Total Warrant Number**”) *divided by* (ii) 150, rounded down to the nearest whole number;

2. Replacing the “Number of Warrants” for the last “Component” of the Additional Warrant Transaction with a
  3. number of “Warrants” equal to the (i) the Additional Total Warrant Number *less* (ii) the product of 149 and the Additional Daily Warrant Number; and
  4. Increasing the “Strike Price” of the Additional Warrant Transaction from USD 44.1875 to USD 60.00; and
- ii. The Base Warrant Confirmation shall be amended by:
1. Replacing the “Number of Warrants” for each “Component” other than the last “Component” of the Base Warrant Transaction with a number of “Warrants” (the “**Base Daily Warrant Number**”) equal to (i) the Total Number of Warrants *less* the aggregate “Number of Warrants” for all “Components” under the Additional Warrant Transaction, after giving effect to the amendments set forth in Section 1.b.i above (the “**Base Total Warrant Number**”), *divided by* (ii) 150, rounded down to the nearest whole number; and
  2. Replacing the “Number of Warrants” for the last “Component” of the Base Warrant Transaction with a number of “Warrants” equal to (i) the Base Total Warrant Number *less* (ii) the product of 149 and the Base Daily Warrant Number.

2. *Hedging Completion Notice.* On the first Scheduled Trading Day following the Hedge Completion Date, Dealer will deliver to Issuer a hedging completion notice substantially in the form set forth in Annex B hereto, and no later than the first Scheduled Trading Day following delivery to Issuer of such notice, absent manifest error, Issuer will return to Dealer a counter-signed copy thereof.

3. *Restrike Cost.* In consideration for the amendments contained herein:

a. On December 19, 2013, Issuer shall pay to Dealer an amount in USD equal to the product of (i) 13,895,000 and (ii) 20% (such product, the “**Prepayment Amount**”); and

b. On the later of the third Currency Business Day following the Hedge Completion Date and January 2, 2014, (A) if the Aggregate Restrike Cost exceeds the Prepayment Amount, Issuer shall pay to Dealer an amount in USD equal to such excess or (B) if the Prepayment Amount exceeds the Aggregate Restrike Cost, Dealer shall pay to Issuer an amount in USD equal to such excess.

4. *Definitions.* As used herein:

“**Aggregate Restrike Cost**” means the product of (i) the Hedge Completion Percentage *multiplied by* the Total Number of Warrants and (ii) the Restrike Cost Per Share.

“**Delta**” means the “Delta” set forth in the grid in Annex A hereto corresponding to the Hedge Execution Price; *provided that* (i) if the Hedge Execution Price is between “Hedge Execution Prices” set forth in such grid, “**Delta**” shall be determined by linear interpolation between the “Deltas” set forth in such grid corresponding to such “Hedge Execution Prices” and (ii) if the Hedge Execution Price is less than the lowest “Hedge Execution Price” set forth in such grid, “**Delta**” will be determined by the Calculation Agent in a manner consistent with the methodology used in creating such grid.



“**Hedge Completion Percentage**” means the ratio of the Hedge Purchase Number to the Target Hedge Purchase Number.

“**Hedge Execution Price**” means the per-Share volume-weighted average price at which Dealer (or its affiliate or agent) purchases Shares during the Hedging Period to adjust its Hedge Positions in connection with this Amendment; *provided* that the price per Share for any such purchase shall not exceed the Limit Price (as defined in Annex A hereto).

“**Hedge Purchase Number**” means the number of Shares purchased by Dealer (or its affiliate or agent) during the Hedging Period to adjust its Hedge Positions in connection with this Amendment.

“**Hedging Period**” means the period of consecutive Scheduled Trading Days beginning on, and including, December 17, 2013, and ending on, and including, the earlier of (i) the first date on which Dealer (or its affiliate or agent) has completed purchasing Shares to adjust its Hedge Positions in connection with this Amendment and (ii) February 20, 2014 (such earlier date, the “**Hedge Completion Date**”).

“**Restrike Cost Per Share**” means the “Restrike Cost Per Share” set forth in the grid in Annex A hereto corresponding to the Hedge Execution Price; *provided* that (i) if the Hedge Execution Price is between “Hedge Execution Prices” set forth in such grid, the “**Restrike Cost Per Share**” shall be determined by linear interpolation between the “Restrike Costs Per Share” set forth in such grid corresponding to such “Hedge Execution Prices” and (ii) if the Hedge Execution Price is less than the lowest “Hedge Execution Price” set forth in such grid, the “**Restrike Cost Per Share**” will be determined by the Calculation Agent in a manner consistent with the methodology used in creating such grid.

“**Target Hedge Purchase Number**” means a number of Shares equal to the product of (i) Delta and (ii) the Total Number of Warrants, rounded down to the nearest Share.

“**Total Number of Warrants**” means the sum of (i) the aggregate “Number of Warrants” for all “Components” under the Base Warrant Transaction and (ii) the aggregate “Number of Warrants” for all “Components” under the Additional Warrant Transaction (without giving effect to the amendments set forth herein).

5. *Representations, Warranties and Covenants.*

a. Each party re-makes, as of the date hereof, each of the representations and warranties set forth in Section 3(a) of the Agreement and Section 7(b) of the Confirmations.

b. Issuer re-makes, as of the date hereof, each of the representations and warranties, and agrees to comply with the covenants, set forth in Section 7(a)(i), (iv), (v), (vi), (ix)(C) and (x) of the Confirmations; *provided* that, solely for this purpose:

i. Any reference therein to:

1. the Confirmation shall be deemed replaced by this Amendment;
2. the Trade Date or the Effective Date shall, in each case, be deemed replaced by the date hereof;
3. the Transaction shall be deemed to refer to the Transaction as amended hereby; and
4. the Settlement Period (including, for the avoidance of doubt, references to certain Expiration Dates in the definition thereof) shall be deemed replaced by the Hedging Period; and

ii. The exception set forth in Section 7(a)(x) of the Confirmations for purchases, offers or orders through Dealer or Deutsche Bank or Royal Bank of Canada shall not apply. For the avoidance of doubt, Issuer shall not be deemed to have breached Section 7(a)(x) of the Confirmations on account of its entry into this Amendment or the other warrant transaction amendments executed substantially contemporaneously herewith.

c. Issuer represents, warrants and covenants to Dealer that:

i. Issuer is entering into this Amendment in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act (“**Rule 10b5-1**”) or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares. Issuer and Dealer each acknowledges that it is the intent of the parties that this Amendment comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 and this Amendment shall be interpreted to comply with the requirements of Rule 10b5-1(c).

ii. Issuer is entering into this Amendment hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares.

iii. Issuer acknowledges and agrees that any amendment, modification or waiver of the terms set forth herein must be effected in accordance with the requirements for the amendment of a “plan” as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification or waiver shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Issuer is aware of any material non-public information regarding Issuer or the Shares.

d. Dealer acknowledges and agrees that Section 3 of the Confirmations will apply to any judgment, determination or calculation made by the Calculation Agent in connection with this Amendment.

6. *Adjustments.* If any event occurs with respect to Issuer or the Shares during the Hedging Period that gives rise to an adjustment under the Confirmations or the Equity Definitions to the terms of the Transactions, the Calculation Agent will also adjust the terms set forth herein as appropriate to preserve the economic intent of the parties.

7. *Continuing Effect.* Except as expressly amended hereby, the terms and provisions of the Transactions and Confirmations shall remain and continue in full force and effect and are hereby confirmed in all respects.

8. *Counterparts.* This Amendment may be signed in any number of counterparts, each of which shall be considered an original, with the same effect as if all of the signatures hereto and thereto were upon the same instrument.

9. *Waiver of Trial by Jury.* EACH OF ISSUER AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTIONS, AS AMENDED HEREBY, OR THE ACTIONS OF DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT OF THIS AMENDMENT AND THE CONFIRMATIONS AS AMENDED HEREBY.

10. *Governing Law; Jurisdiction.* THIS AMENDMENT AND EACH CONFIRMATIONS AS AMENDED HEREBY AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE CONFIRMATIONS AS AMENDED HEREBY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IN CONNECTION WITH ALL MATTERS RELATING HERETO AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN, AND ANY CLAIM OF INCONVENIENT FORUM WITH RESPECT TO, THESE COURTS.

Issuer hereby agrees (a) to check this Amendment carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Dealer) correctly sets forth the terms of the agreement between Dealer and Issuer with respect to the matters set forth herein, by manually signing this Amendment or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Dealer.

Yours faithfully,

**SOCIETE GENERALE**

By: /s/ Judy Liu

Name: Judy Liu

Title: OTC Documentation

Confirmed and Acknowledged as of the date first above written:

**ENCORE CAPITAL GROUP, INC.**

By: /s/ Kenneth A. Vecchione

Name: Kenneth A. Vecchione

Title: President and Chief Executive Officer

ANNEX A

<u>Hedge Execution Price</u>	<u>Restrike Cost Per Share</u>	<u>Delta</u>
\$40.00	\$6.05	22.3%
\$42.00	\$6.49	21.8%
\$44.00	\$6.92	21.3%
\$46.00	\$7.34	20.6%
\$48.00	\$7.75	20.0%
\$50.00	\$8.14	19.2%

Limit Price: \$49.00.

## FORM OF HEDGING COMPLETION NOTICE

[DATE]

To: Encore Capital Group, Inc.  
 3111 Camino Del Rio North, Suite 1300  
 San Diego, California 92108  
 Attn: Paul Grinberg, Chief Financial Officer  
 Telephone: 858-309-6904  
 Facsimile: 858-309-6977

Reference is hereby made to the letter agreement re: Amendment to Warrant Transactions (the "**Amendment**"), dated December 16, 2013, between Société Générale ("**Dealer**") and Encore Capital Group, Inc. ("**Issuer**"). Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Amendment. For purposes of the Amendment and the Confirmations, the following terms shall have the meanings set forth below:

Aggregate Restrike Cost:	[ ]
Delta:	[ ]
Hedge Completion Date:	[ ]
Hedge Completion Percentage:	[ ]
Hedge Execution Price:	[ ]
Hedge Purchase Number:	[ ]
Restrike Cost Per Share:	[ ]
Target Hedge Purchase Number:	[ ]

*[For Additional Warrant Transaction:*

"Number of Warrants" for each "Component" other than the last "Component":	[ ]
"Number of Warrants" for last "Component":	[ ]

*For Base Warrant Transaction:*

"Number of Warrants" for each "Component" other than the last "Component":	[ ]
"Number of Warrants" for last "Component":	[ ] <sup>1</sup>

<sup>1</sup> Include if Hedge Completion Percentage is less than 100%.

Yours faithfully,

**SOCIETE GENERALE**

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

Name:

Title:

Confirmed and Acknowledged as of the date first above written:

**ENCORE CAPITAL GROUP, INC.**

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

Name:

Title:

**Share Sale and Purchase  
Agreement**  
relating to Marlin Financial  
Group Limited

Dated

The Sellers (1)  
Cabot Financial Holdings Group Limited (2)



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DATE

PARTIES

- (1) THE PERSONS whose names and addresses are set out in Schedule 1 (the “Sellers”, and each a “Seller”); and
- (2) CABOT FINANCIAL HOLDINGS GROUP LIMITED (company number 04934534) whose registered office is at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4UA (the “Buyer”).

INTRODUCTION

- (A) The Company was incorporated in England and Wales on 19 March 2010 and is registered under number 07195881 as a private company limited by shares.
- (B) Each of the Sellers has agreed to sell to the Buyer and the Buyer has agreed to purchase its Shares for the Share Consideration and otherwise in the manner and on and subject to the terms of this Agreement.
- (C) Each of the Loan Note Holders has agreed to transfer to the Buyer and the Buyer has agreed to accept the transfer of the Loan Notes for the Loan Note Consideration and otherwise in the manner and on and subject to the terms of this Agreement.
- (D) Immediately prior to the signing of this Agreement Marlin Financial Intermediate Limited sold the entire issued share capital of Marlin Unrestricted Holdings Limited to Cabot Credit Management Limited for a consideration of £1.

OPERATIVE PROVISIONS

**1 Definitions**

In this Agreement, except where a different interpretation is necessary in the context, the words and expressions set out below shall have the following meanings:

Accounts	the audited consolidated balance sheet as at the Accounts Date, and the audited consolidated profit and loss account for the Financial Year ended on the Accounts Date, of the Company and each of the Subsidiaries together with the notes, reports, statements (including cash flow statements, if applicable) a copy of both of which has been supplied to the Buyer and is included in the Disclosure Documents
Accounts Date	31 December 2012
Accounts Standards	in relation to the accounts of any body corporate, the applicable requirements of the Companies Act 2006, together with United Kingdom Generally Accepted Accounting Practice, in each case as at the date of the relevant accounts
Affiliate	in relation to any body corporate (whether or not registered in the United Kingdom), any holding company or subsidiary of such body corporate or any subsidiary of a holding company of such body corporate in each case from time to time
this Agreement	this agreement including the Introduction and the Schedules
Ascot	Ascot Management Group Limited

Ascot/Martin Dunphy/Jan Rosenberg  
Representative

Martin Dunphy

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
Bond	the £150 million senior secured notes (due 2020) issued by Marlin Intermediate Holdings plc on 18 July 2013
Books and Records	its common law meaning and include all notices, correspondence, orders, enquiries, drawings, plans, books of account and other documents and all computer discs or tapes or other machine-legible programs or other records
Business	collectively, the businesses of the Company and of each of the Subsidiaries at the date hereof (including, for the avoidance of doubt, the businesses of Marlin Unrestricted Holdings Limited and each of its subsidiaries immediately prior to the transaction referred to in paragraph (D) of the Introduction)
Business Day	a day other than a Saturday, Sunday or public holiday in London
Business IP	all Intellectual Property which is owned or which is or has been used or exploited in the Business by the Companies including all Intellectual Property in the products and services supplied and/or developed by them
Business Warranties	the warranties given by the Warrantors in clause 6.2 and Schedule 5 excluding the Title Warranties and each warranty statement shall be a "Business Warranty"
Buyer Disclosee	(a) Encore Capital Group, Inc and its Affiliates; (b) JCF and its Affiliates; (c) the JCF Funds; (d) any general partner, limited partner, trustee, nominee or manager of, or adviser to the JCF Funds, or any investor in any of them; (e) any of the Buyer's financial lenders or banks or any member of their groups (including Funds) and any other third party that is or may be engaged in connection with any financing or refinancing in respect of any transaction related to this Agreement or that may be assigned or transferred any rights and/or obligations in respect of such financing or refinancing; or (f) the professional advisers, officers, employees, Consultants, subcontractors or agents of any of the foregoing

Buyer's Group	Buyer Topco and any of its subsidiaries from time to time, including for the avoidance of doubt the Companies after Completion
Buyer's Solicitors	Macfarlanes LLP of 20 Cursitor Street, London EC4A 1LT
Buyer Loan Note Instrument	the loan note instrument, in the agreed form, constituting the Buyer Loan Notes
Buyer Loan Notes	the £11,775,979 in nominal amount of loan notes of the Buyer constituted by the Buyer Loan Note Instrument
Buyer Specified Individuals	Neil Clyne, Daniel Mayo, Stephen Mound, Naynesh Patel, Christopher Ross-Roberts and Willem Wellinghoff
Buyer Topco	Cabot Holdings S.à r.l.
Buyer Topco Investment Agreement	the investment agreement relating to an investment in Buyer Topco dated 15 May 2013, as amended and restated on or around the date of this Agreement
Buyer Warranties	the warranties given by the Buyer in clause 7 and Schedule 6 and each Buyer warranty statement shall be a "Buyer Warranty"
Buyer's Group Securities	"Securities" as defined in the Buyer Topco Investment Agreement
Cash Consideration	the amounts of the Consideration payable by the Buyer pursuant to clauses 3.1(a), 3.1(b)(i) and 3.2
Claim	any claim for breach of a Business Warranty by a Warrantor
the Companies	the Company and the Subsidiaries and each of them
the Company	Marlin Financial Group Limited, short particulars of which are set out in Part 1 of Schedule 2
Completion	completion of the sale and purchase of the Shares in accordance with the terms of clause 5
Completion Date	10 February 2014
Confidential Information	all technical, financial, commercial and other information of a confidential or secret nature relating to the Business, including without limitation, trade secrets, know-how, inventions, product information and unpublished information relating to Intellectual Property, object code and source code relating to Software, marketing and business plans, projections, current or projected plans or internal affairs of the Companies, current and/or prospective suppliers and customers (including any customer or supplier lists)
Connected Fund	has, for the purposes of Schedule 8, the meaning given in each sub-paragraph of paragraph (b) of the definition of Connected Person, and also includes any company in which a Connected Fund has a direct or indirect shareholding

Connected Person	<p>(a) in respect of a Seller who is an individual:</p> <p style="padding-left: 20px;">(i) any person connected (within the meaning of sections 1122 and 1123 Corporation Tax Act 2010) with that Seller; or</p> <p style="padding-left: 20px;">(ii) any other entity in which that Seller has an economic interest (directly or indirectly) of more than 20 per cent; and</p> <p>(b) in respect of a Seller that is not an individual:</p> <p style="padding-left: 20px;">(i) any Affiliate of that Seller;</p> <p style="padding-left: 20px;">(ii) in the case of a Seller that is a Fund, any Fund which has the same general partner, manager, adviser, nominee, custodian or trustee as that Seller, or which has an Affiliate of any of the foregoing as its general partner, manager, adviser, nominee, custodian or trustee (a "Connected Fund");</p> <p style="padding-left: 20px;">(iii) the general partner, manager, adviser, nominee, custodian or trustee of any Connected Fund;</p> <p style="padding-left: 20px;">(iv) any Affiliate of the general partner, manager or adviser of any Connected Fund;</p> <p style="padding-left: 20px;">(v) any officer, director or employee of any person referred to in (b)(i) to (iv) above; or</p> <p style="padding-left: 20px;">(vi) in respect of a Duke Street Seller, any body corporate in which that Duke Street Seller or any person referred to in (b)(i) to (iv) above holds a direct or indirect private equity or similar investment,</p> <p>provided that in no case in either (a) or (b) above shall any of the below be deemed to be a Connected Person of a Seller:</p> <p style="padding-left: 20px;">(x) the Company;</p> <p style="padding-left: 20px;">(y) any Subsidiary; or</p> <p style="padding-left: 20px;">(z) any other Seller or its Connected Persons</p>
Consideration	the Share Consideration and the Loan Note Consideration
Consultants	those individuals who are providing their services to any of the Companies under an agreement which is not a contract of employment with the relevant company including, in particular, where the individual acts as a consultant or is an independent contractor on secondment, and "Consultant" shall mean any one of them
Covenantors	the Management Sellers, Martin Dunphy and Ascot

Credit Agreement	any agreement which is legally and/or beneficially owned by any of the Companies for the advancement of credit to a third party other than another of the Companies
December Debt Purchase PIK Instrument	the debt purchase PIK instrument constituting the issue of up to £1,164,718 subordinated PIK fixed rate loan notes of Marlin Financial Intermediate Limited entered into on 21 December 2012
Debt Collection Agreement	any agreement pursuant to which (i) any of the Companies undertakes the collection or tracing of debts on behalf of clients of the Companies or (ii) any third party undertakes the collection or tracing of debts on behalf of any of the Companies
Debt Purchase Agreement	any agreement pursuant to which any of the Companies has legally and/or beneficially acquired any Credit Agreement and/or any rights and/or obligations in respect thereof
Deferred Consideration Loan Instrument	the deferred consideration instrument constituting the issue of up to £2,000,000 subordinated fixed rate loans and an unlimited amount of subordinated fixed rate PIK notes of Marlin Financial Intermediate Limited entered into on 1 April 2010
Determined Claim	has the meaning given in paragraph 1.1 of Schedule 7
Directors	the persons specified as directors of any of the Companies in Part 1 or Part 2 of Schedule 2 (the expression "Director" meaning any of them)
Disclosure Documents	the Disclosure Letter and the documents appended to it as listed in the schedule appended to the Disclosure Letter
Disclosure Letter	a letter in the agreed form dated on or before the date of this Agreement from the Warrantors to the Buyer, delivered to the Buyer immediately before execution of this Agreement, of which the Buyer has acknowledged receipt
Duke Street Debt Purchase PIK Instrument	the debt purchase PIK instrument constituting the issue of up to £22,000,000 subordinated PIK fixed rate loan notes of Marlin Financial Intermediate Limited entered into on 1 April 2010, as amended and restated by a deed of amendment on 23 February 2011, subsequently supplemented by supplemental deeds dated 19 July 2012 and 18 December 2012
Duke Street Investor Loan Instrument	the investor instrument constituting the issue of up to £10,488,400 subordinated fixed rate loan notes of Marlin Financial Intermediate Limited entered into on 1 April 2010, as amended and restated by a deed of amendment on 22 December 2011, and subsequently supplemented by supplemental deeds dated 19 July 2012 and 18 December 2012

Duke Street Sellers	Duke Street VI No. 1 Limited Partnership, Duke Street VI No. 2 Limited Partnership, Duke Street VI No. 3 Limited Partnership, Duke Street VI No. 4 Limited Partnership, Duke Street Capital VI Fund Investment Limited Partnership, Parallel Private Equity Duke Street Limited Partnership and Financière DCS VI
Employees	those persons (including Directors) whose names appear in the list of employees included in the Disclosure Documents
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
Equity Documents	“Transaction Documents” as defined in the deed of adherence to be entered into on or around the date of this Agreement between, inter alia, Buyer Topco and the Management Sellers
ERC	as defined in the Bond
Excluded Companies	Marlin Financial Group (Holdings) S.à r.l., Holden Recoveries S.à r.l., Holden Recoveries II S.à r.l., Holden Recoveries III S.à r.l., Holden Recoveries IV S.à r.l., Marlin (GIB) 1 Limited, Marlin (GIB) 2 Limited, Marlin (GIB) 3 Limited and Marlin (GIB) 4 Limited
Facility Agreement	the £25 million secured super-senior revolving credit facility agreement dated 25 July 2013 and entered into between, amongst others, J.P. Morgan Chase Bank N.A., London Branch and Investec Bank as original lenders and Marlin Intermediate Holdings plc as borrower
February Debt Purchase PIK Instrument	the debt purchase PIK instrument constituting the issue of up to £252,353 subordinated PIK fixed rate loan notes of Marlin Financial Intermediate Limited entered into on 11 February 2012
Finance Arrangements	the Bond and the Facility Agreement
Financial Year	a financial year as determined in accordance with section 390 Companies Act 2006
Fund	any unit trust, investment trust, limited partnership, general partnership, collective investment scheme or body corporate or other entity, in each case the assets of which are managed professionally for investment purposes
GPP	the personal pension schemes which together comprise the Group Personal Pension/Group Stakeholder Plan administered by Aviva and to which Marlin Financial Services Limited makes employer contributions



Health and Safety Law	all or any Laws, and any relevant code of practice, guidance note (statutory or otherwise), standard or other advisory material issued by any Authority which from time to time relates to the protection of human health or safety 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 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
ICT Agreement	any agreement or licence with a third party relating to the ICT Infrastructure (including all hire purchase contracts, leases, maintenance or service agreements of hardware owned or used by any of the Companies, licences or maintenance or service agreements relating to Software owned or used by any of the Companies and other information technology procurement)
ICT Infrastructure	the information and communications technology infrastructure and systems including Software, hardware, firmware and networks which is or has been used in the Business
Institutional Sellers' Representative	Miles Cresswell-Turner and Jason Lawford or such other persons as the Duke Street Sellers may specify by written notice to the other parties
Intellectual Property	patents, trademarks, service marks, registered designs, trade names, business names, domain names, rights in designs, copyright, Software, database rights, rights in inventions, know-how, secret formulae and processes and all other intellectual property rights whether registered or unregistered and including applications for the grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect anywhere in the world, together with the right to sue for and recover damages or other relief in respect of infringements of any of the foregoing rights
IP Agreements	any agreements or licences with third parties relating to Intellectual Property
JCF	J. C. Flowers & Co. LLC
JCF Funds	Funds managed or advised by JCF or any of its Affiliates on a bona fide basis
June Debt Purchase PIK Instrument	the debt purchase PIK instrument constituting the issue of up to £808,000 subordinated PIK fixed rate loan notes of Marlin Financial Intermediate Limited entered into on 27 June 2012
June Management Accounts	the management accounts of the Companies dated 30 June 2013

July Debt Purchase PIK Instrument	the debt purchase PIK instrument constituting the issue of up to £1,871,000 subordinated PIK fixed rate loan notes of Marlin Financial Intermediate Limited entered into on 29 July 2013
Key Contracts	<p>(a) any contract which:</p> <ul style="list-style-type: none"> <li>(i) generates annual revenues to the Companies in excess of £300,000;</li> <li>(ii) has a book value of £300,000 or more in the Locked Box Accounts;</li> <li>(iii) places obligations on the Companies which the Warrantors believe will, or are likely to, cause the Companies to incur expenditure or an obligation to pay money in excess of £300,000; and</li> <li>(iv) to the extent not covered by (i) to (iii) above, was entered into otherwise than in the ordinary course of the Companies' business and is believed by the relevant Warrantor to be material to the Companies taken as a whole; and</li> </ul> <p>(b) to the extent not covered by (a) above, all contracts with Key Suppliers</p>
Key Debt Purchase Agreement	a Debt Purchase Agreement where the price paid by any of the Companies thereunder is one of the 10 highest under the Debt Purchase Agreements, being Debt Purchase Agreements pursuant to which Credit Agreements were acquired by the Companies which the relevant Warrantor believes to account, as at the Locked Box Date, for over 85 per cent of the Companies' aggregate estimated remaining collections
Key Employees	Kenneth John Stannard, Andrew Rogers, Chris Adelsbach, David Page, Ivan Lawrence, Tariq Khan, Michelle Thomas, Nick Teunon and Peter Richardson
Key Suppliers	National Westminster Bank plc, WorldPay (UK) Limited, Enodatio Solutions Limited, Acora Limited, Bware Legal Solutions Limited, CR Software, LLC, Ultra Communications Limited, Mortimer Clarke Solicitors Limited, Restons Solicitors Limited and Optima Legal Services Limited
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 Agreement

Leakage	has the meaning given in clause 4.2
Loan Notes	each loan note issued under the December Debt Purchase PIK Instrument, the Deferred Consideration Loan Instrument, the Duke Street Debt Purchase PIK Instrument, the Duke Street Investor Loan Instrument, the June Debt Purchase PIK Instrument, the July Debt Purchase PIK Instrument, the February Debt Purchase PIK Instrument and the September Debt Purchase PIK Instrument issued to the relevant Loan Note Holders as detailed in Part 2 of Schedule 1 plus all interest accruing in respect of them up to and including the date of Completion
Loan Note Holder	a holder of a Loan Note as at the date of this Agreement as specified in Part 2 of Schedule 1
Loan Note Consideration	the consideration for the Loan Notes set out in clause 3.2 and column 5 of Part 2 of Schedule 1
Locked Box Accounts	the management accounts of the Companies for the month ending on the Locked Box Date, a copy of which is included in the Disclosure Documents
Locked Box Claim	a claim for breach of clause 4.1
Locked Box Date	30 September 2013
Locked Box Schedule	has the meaning given in Schedule 10
Management Accounts	the management accounts of the Companies for the 12 months ending 31 December 2013, including the Locked Box Accounts
Management Sellers	Kenneth John Stannard, Tariq Khan, David Page, Chris Adelsbach, Richard Hunton and Ivan Lawrence
Management Sellers' Representative	Kenneth John Stannard
March Management Accounts	the management accounts of the Companies dated 31 March 2013
Material Adverse Effect	(a) a reduction in ERC for the financial year ending 2014 of more than 5%; or (b) the loss by the Companies of the right to use any source of data that is used in the Business for the purposes of preparing collection "scorecards"
Monitoring Fees	quarterly monitoring fees payable in advance by the Company to the Duke Street Sellers and the quarterly out-of-pocket expenses of any Duke Street Sellers, Miles Cresswell-Turner and Jason Lawford payable in arrears by the Company to any Duke Street Seller, each as invoiced during or otherwise relating to the period from and including the Locked Box Date to Completion
Nominee	Carat Manager Nominee Limited

OFT	the Office of Fair Trading or any relevant successor Authority having jurisdiction over matters for which The Office of Fair Trading currently has jurisdiction or authority
Pensionable Employee	a director or employee or former director or former employee of any of the Companies
Permitted Leakage	has the meaning set out in Schedule 8 to this Agreement and “Permitted Leakage” means any and all of those transactions
Personal Data	has the meaning given to that phrase in the Data Protection Act 1998
Policies	the current insurance and indemnity policies in respect of which any of the Companies has an interest (including but not limited to any active historic policies which provide cover on a “losses occurring” basis)
Press Release	the press release in the agreed form
Pre-Completion Period	(a) in respect of each of Martin Dunphy and Ascot, the period of one year immediately preceding the date on which Martin Dunphy ceased to be an employee of the Company (or any of the Subsidiaries); and (b) in respect of each of the other Covenantors, the period of one year immediately preceding the Completion Date
Properties	the leasehold properties and properties held under licence short particulars of which appear in Schedule 4 and references to “the Properties” shall extend to any part or parts thereof
Relevant Proportion	the relevant Warrantor’s proportion of the gross proceeds (for the avoidance of doubt, including any proceeds that are rolled over or reinvested in the Buyer’s Group) of all of the Warrantors’ Shares, as set out for each relevant Warrantor in column 6 of Part 1 of Schedule 1
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 Taxation pursuant to any legislation or otherwise
Restricted Business	(a) the trade or business of debt purchase and/or debt collection in the United Kingdom; and/or (b) the trade or business of the provision in the United Kingdom of any other ancillary or related service provided in the ordinary course by the Companies during the Pre-Completion Period
Restricted Employees	each of the Key Employees, Richard Hunton, Richard Lloyd, Keziah Kendall, David Beattie, Alan McArdle, James West, Doug Green and Beverley Harrison-Cook
Restricted Period	the period of 24 months following the Completion Date

Restricted Persons	in respect of each Duke Street Seller: <ul style="list-style-type: none"> <li>(a) any Fund which has the same general partner, manager, adviser, nominee, custodian or trustee as any Duke Street Seller, or which has an Affiliate of any of the foregoing as its general partner, manager, adviser, nominee, custodian or trustee (a "Restricted Fund");</li> <li>(b) the general partner, manager, adviser, nominee, custodian or trustee of any Restricted Fund; and</li> <li>(c) any Affiliate of the general partner, manager or adviser of any Restricted Fund</li> </ul>
Rollover Warrantor	a Warrantor who holds any Buyer's Group Securities from time to time
Sellers' Relief	any Relief other than a Relief which: <ul style="list-style-type: none"> <li>(a) arises as a consequence of or by reference to an event occurring or deemed to occur after the Locked Box Date or in respect of an accounting period commencing after the Locked Box Date; or</li> <li>(b) arises to any member of the Wider Buyer's Group other than the Companies</li> </ul>
Sellers' Representatives	the Management Sellers' Representative, the Ascot/Martin Dunphy/Jan Rosenberg Representative and the Institutional Sellers' Representative
Sellers' Solicitors	King & Wood Mallesons LLP of 10 Queen Street Place, London EC4R 1BE
September Debt Purchase PIK Instrument	the debt purchase PIK instrument constituting the issue of up to £2,020,000 subordinated PIK fixed rate loan notes of Marlin Financial Intermediate Limited entered into on 26 September 2012
Share Consideration	the consideration for the Shares set out in clause 3.1 and column 5 of Part 1 of Schedule 1
Shares	the entire issued share capital of the Company as set out in Part 1 of Schedule 1
Software	any and all computer programs in both source and object code form, including all modules, routines and sub-routines and all source and other preparatory materials relating to the above including user requirements, functions, specifications and programming specifications, programming languages, algorithms, flow charts, logic, logic diagrams, orthographic representations, file structures, coding sheets, coding and including any manuals or other documentation and all enhancements, improvements, replacement and derivative works relating to any of the above

Subsidiaries	those companies or other persons (whether or not registered in the United Kingdom) short particulars of which appear in Part 2 of Schedule 2 and the expression “Subsidiary” shall mean any one of the Subsidiaries
Taxation	all forms of taxation, duties, levies, contributions, withholdings, deductions, liabilities to account and charges whether imposed in the United Kingdom or elsewhere in the world, and any related penalties, charges and interest imposed by any Taxing Authority
Taxing Authority	HM Revenue & Customs and any other governmental, state, federal, provincial, local governmental or municipal authority, body or official competent to impose any Taxation whether of the United Kingdom or elsewhere in the world
Tax Warranties	the tax warranties set out in paragraph 19 of Schedule 5
Title Warranties	the warranties given by the Sellers in paragraph 1 of Schedule 5 and each warranty statement in such paragraph of such schedule shall be a “Title Warranty”
Transaction Documents	this Agreement and any other documents which are to be entered into pursuant to this Agreement
VAT	Value Added Tax
Warranted Contracts	(a) the Key Contracts; (b) the Debt Collection Agreements; and (c) the Key Debt Purchase Agreements
Warrantors	Kenneth John Stannard, Tariq Khan, David Page, Chris Adelsbach, Richard Hunton, Ivan Lawrence, Peter Richardson, John de Blocq van Kuffeler, John Barclay Sinclair and Ascot
Watt Shares	has the meaning given in Schedule 8
Wider Buyer’s Group	the Buyer and any of its Affiliates from time to time, including for the avoidance of doubt the Companies after Completion
Workers	those individuals who are providing services to or for the benefit of any of the Companies under or pursuant to any agreement which is not a contract of employment with the relevant company including, without limitation, where the individual acts as a Consultant, worker supplied by an agency, service company or other intermediary, non-executive director, or other officer, and “Worker” shall mean any one of them

## **2 Sale and purchase of the Shares and transfer of Loan Notes**

- 2.1 Each of the Sellers shall sell with full title guarantee on and with effect from Completion, and the Buyer shall purchase, all of the Shares set opposite that Seller’s name in Part 1 of Schedule 1 together with all rights attaching to them at Completion and free from all Encumbrances.
- 2.2 Each of the Sellers waives all rights of pre-emption over the Shares conferred either by the articles of association or other constitutional documents of the Company or in any other way.

- 2.3 Each of the Loan Note Holders shall transfer with full title guarantee, and the Buyer shall acquire, all of the Loan Notes set opposite each Loan Note Holder's name in Part 2 of Schedule 1, together with all rights attaching to them, including all future interest entitlements, on and from Completion and free from all Encumbrances.
- 2.4 The Buyer shall not be obliged to complete the purchase of any of the Shares or Loan Notes on Completion unless the purchase of all of the Shares and Loan Notes is completed simultaneously.

### **3 Consideration**

- 3.1 In consideration of the sale of the Shares in accordance with the terms of this Agreement the Buyer shall pay to the Sellers an aggregate consideration of £117,735,952 (one hundred and seventeen million seven hundred and thirty five thousand nine hundred and fifty two pounds), which shall be satisfied at Completion by:
- (a) for each of those Sellers who are due to receive cash only (and not Buyer Loan Notes), the payment (in accordance with clause 5.2) in cash of the amount set out against his or its name in column 3 of Part 1 of Schedule 1; and
  - (b) for each of those Sellers who are due to receive cash and Buyer Loan Notes:
    - (i) the payment (in accordance with clause 5.2) in cash of the amount set out against his name in column 3 of Part 1 of Schedule 1; and
    - (ii) the issue of, and delivery by the Buyer to the Nominee (as his nominee) of a duly executed certificate for, Buyer Loan Notes in the principal amount set out against his name in column 4 of Part 1 of Schedule 1.
- 3.2 In consideration of the transfer of the Loan Notes in accordance with the terms of this Agreement the Buyer shall pay to the Sellers an aggregate consideration of £44,804,390 (forty four million eight hundred and four thousand three hundred and ninety pounds), which shall be satisfied at Completion by the payment (in accordance with clause 5.2) in cash of the amounts set out against each Seller's name in column 3 of Part 1 of Schedule 1.
- 3.3 The Cash Consideration shall be apportioned between the Sellers in accordance with their respective entitlements to the Cash Consideration as set out in clauses 3.1(a), 3.1(b)(i) and 3.2, but the Buyer shall not be concerned with such apportionment.

### **4 Locked box**

- 4.1 Each of the Sellers warrants severally and in respect of itself only to the Buyer that, except for Permitted Leakage, during the period from and excluding the Locked Box Date up to and including Completion:
- (a) none of the Companies has declared, authorised, paid or made to or for the benefit of that Seller or any Connected Person of that Seller any dividend, distribution or return of capital;
  - (b) none of the Companies has transferred or surrendered any asset to, or granted any Encumbrance over any asset in favour or for the benefit of, or assumed, indemnified or incurred any obligation or liability for the benefit of, that Seller or any Connected Person of that Seller;
  - (c) none of the Companies has waived, released or forgiven in favour of that Seller or any Connected Person of that Seller any sum or obligation due by that Seller or any Connected Person of that Seller to any of the Companies and neither that Seller nor any Connected Person of that Seller has failed to pay when due any sum due to any of the Companies;

- (d) no payment, management charge or fee of any nature has been levied by, or for the benefit of, that Seller or any Connected Person of that Seller against any of the Companies and there has been no payment of any nature including any payment of any management fee, service fee or similar fee or compensation by any of the Companies to, or for the benefit of, that Seller or any Connected Person of that Seller;
  - (e) no liabilities have been paid or incurred by any of the Companies in respect of the transactions contemplated by this Agreement, including any finders' fees, bonuses, brokerages or other commissions, or any advisers' fees, costs or expenses;
  - (f) none of the Companies has made any repayment of principal on any of the Loan Notes for the benefit of that Seller or any Connected Person of that Seller; and
  - (g) neither that Seller nor any Connected Person of that Seller has made or entered into any agreement or arrangement to give effect to any of the matters referred to in clauses 4.1(a) to 4.1(f).
- 4.2 The occurrence of any of the events set out in clause 4.1 at or before Completion but after the Locked Box Date will constitute an incident of "Leakage".
- 4.3 In the event of any breach of any of the warranties in clauses 4.1(a) to 4.1(g) (inclusive), each Seller shall pay to the Buyer within 10 Business Days of receipt of a written notice from the Buyer setting out in reasonable detail the nature of the Leakage an amount in cash equal to the aggregate of:
- (a) the amount of any Leakage actually received by that Seller or any Connected Person of that Seller from the relevant Company as a result of such breach; and
  - (b) all Taxation (excluding recoverable VAT) incurred and payable (whether or not such Taxation actually falls due for payment during the six-month period referred to in clause 4.5 and after taking into account any Sellers' Relief available in respect of the matter giving rise to the Leakage and, to the extent that the Leakage gives rise to a Relief which reduces a liability to Tax of a relevant Company, taking into account such Relief) by any of the Companies in connection with such Leakage,
- provided that, to the extent that Leakage falling within clauses 4.1(b), (c) or (e) is not directly received by a Seller or a Connected Person of that Seller, such Leakage shall for the purposes of this Agreement be deemed to have been "received" by (a) by the Seller or Connected Person to whom it is referable (provided that if more than one Seller shall be deemed to have received such Leakage, that Seller shall only be liable for the amount referable to him or his Connected Persons) or (b) if it is not possible to determine to whom such Leakage was referable, by each Seller on a pro rata basis by reference to that Seller's holding of Shares compared to the aggregate number of Shares held by (or on behalf of) all Sellers.
- 4.4 The maximum liability of each Seller in respect of a Locked Box Claim shall not exceed (i) the amount of Leakage giving rise to such claim actually received by it and its Connected Persons and (ii) any amount due under clause 4.3(b). For the avoidance of doubt, in the event that an individual Seller does not satisfy a Locked Box Claim made against him, the Buyer shall not be entitled to bring a Locked Box Claim against any of the other Sellers in respect of such non-satisfaction.
- 4.5 No Locked Box Claim may be made against any of the Sellers unless notice of the Locked Box Claim, specifying in reasonable detail the specific matter in respect of which the Locked Box Claim is made and an indication of the amount claimed, is served on that Seller in writing as soon as practicable after the Buyer becomes aware of the circumstances giving rise to the Locked Box Claim and, in any event, within six months of the date of Completion, provided always that the liability of that Seller shall cease absolutely unless within six months of service of such notice legal proceedings in respect of such Locked Box Claim have been properly issued and validly served on the relevant Seller.



- 4.6 The Buyer shall not be entitled to recover from the Sellers more than once for the same damage suffered (whether under this clause 4 or any other provision of this Agreement).
- 4.7 If Completion does not occur, the Sellers shall have no liability to the Buyer under any of clauses 4 and 6.
- 4.8 Nothing in this clause 4 shall have the effect of limiting, restricting or excluding the liability of a Seller in respect of a Locked Box Claim arising as a result of that Seller's own fraud, but the fraud of that Seller shall not prevent any other Seller who was not a party to that fraud from benefiting from any such limitation, restriction or exclusion to the maximum extent permitted by law.

## 5 Completion

- 5.1 Completion shall take place at the offices of the Buyer's Solicitors (or any other location agreed upon by the Sellers' Representatives and the Buyer) before 5:00 p.m. on the Completion Date. Time shall be of the essence for the purposes of this clause 5.1.
- 5.2 At Completion:
- (a) each Seller shall deliver or cause to be delivered to the Buyer the items listed in Part 1 of Schedule 3 (including, in the case of the Duke Street Sellers, the resignations in the agreed form of Miles Cresswell-Turner and Jason Lawford) provided that each of the Sellers shall be liable to deliver or cause to be delivered such documents in respect of himself or itself only and not in respect of any other Seller;
  - (b) the Warrantors (other than Ascot) shall deliver or cause to be delivered to the Buyer the items listed in Part 2 of Schedule 3 (the Buyer receiving them, where appropriate, as agent for the Company or the Subsidiaries);
  - (c) the Buyer shall deliver or cause to be delivered to the Sellers the items listed in Part 3 of Schedule 3;
  - (d) the Buyer shall procure the delivery to the Sellers' Solicitors of an electronic transfer in favour of the Sellers' Solicitors for the amount of the Cash Consideration, receipt of which shall be an effective discharge of the Buyer's obligation to pay the Cash Consideration;
  - (e) the Buyer shall execute the Buyer Loan Note Instrument, issue the Buyer Loan Notes in accordance with clause 3.1(b)(ii), make the necessary entries in its register of loan note holders and execute and issue to the Nominee certificates for the Buyer Loan Notes in the relevant amounts; and
  - (f) the Buyer shall pay up all unpaid amounts on the Shares.
- 5.3 If the obligations of the Buyer under clause 5.2 are not complied with by 5:00 p.m. on the Completion Date in any material respect, the Institutional Sellers' Representative may, after consultation with Martin Dunphy and without prejudice to any of the Sellers' other rights, terminate this agreement by notice in writing to the Buyer and each of the other Sellers' Representatives.
- 5.4 Each of the Management Sellers undertakes to and covenants with the Buyer in respect of himself that he will procure (to the extent he is able to do so in his capacity as a director of any of the Companies and/or a shareholder in the Company) that between the date of this Agreement and Completion, except with the prior written consent of the Buyer, the business of the Company and of each of the Subsidiaries shall be carried on in the ordinary and usual course.

5.5 Each of the Duke Street Sellers undertakes to and covenants with the Buyer in respect of itself that it will not actively direct any of the Companies or any director or Employee of any of the Companies to do or omit to do anything that would cause a breach of clause 5.4.

## **6 Sellers' Warranties**

- 6.1 Each of the Sellers warrants to the Buyer as at signing of this Agreement on his own behalf, on a several basis, and in respect of the Shares held by him or her only, in the terms of the Title Warranties in paragraph 1 of Schedule 5.
- 6.2 Each of the Warrantors warrants to the Buyer as at signing of this Agreement, on a several basis, in the terms of the Business Warranties subject to:
- (a) any matter fairly disclosed (with sufficient detail to identify to the Buyer the nature and scope of the matter disclosed) in the Disclosure Letter, the Disclosure Documents or provided for under the terms of this Agreement;
  - (b) that Warrantor having actual knowledge (which does not include implied, constructive or imputed knowledge) of the relevant matter which is the subject of the Business Warranty at the date of this Agreement, having made (except in the case of Ascot) reasonable enquiry of each of the other Warrantors (other than Ascot); and
  - (c) the limitations and qualifications set out in Schedule 7.
- 6.3 Notwithstanding anything expressed or implied in this Agreement to the contrary, any payment by a Seller pursuant to a claim under this Agreement shall be treated as a reduction in the Consideration paid or payable.
- 6.4 For the purposes of the Warranties, "material" shall be deemed to mean materially important to the Business (being, for the avoidance of doubt, collectively the businesses of the Company and each of the Subsidiaries, and not the business of the Company or of any Subsidiary individually).
- 6.5 The provisions of Schedule 7 which, among other things, regulate or otherwise affect the liability of the Warrantors shall remain in full force and be fully applicable in all circumstances notwithstanding any breach of the Warranties or any claim against any of the Warrantors, whatever its nature or consequences.
- 6.6 The Buyer acknowledges that it does not rely on and has not been induced to enter into this Agreement on the basis of any warranties, representations, covenants, undertakings, indemnities or other statements whatsoever, other than those expressly set out in this Agreement and acknowledges that none of the Sellers, the Companies or any of their agents, officers or employees has given any such warranties, representations, covenants, undertakings, indemnities or other statements.
- 6.7 The sole remedy of the Buyer for any breach of any of the Business Warranties, the Title Warranties or any other provision of this Agreement by any of the Sellers shall be for breach of contract. The Buyer shall not be entitled to rescind or terminate this Agreement in any circumstances whatsoever, other than any such right in respect of fraudulent misrepresentation.
- 6.8 For the avoidance of doubt, any warranty, representation, undertaking, indemnity, covenant or other obligation contained in this Agreement that is given by or binding on a person who is a Seller is given in his capacity as a person selling Shares under this Agreement and not in any other capacity.
- 6.9 The actual knowledge of Ascot for the purposes of clause 6.2(b) shall be deemed to be the actual knowledge (and, for the avoidance of doubt, without having made any enquiry whatsoever) of Martin Dunphy.

6.10 The Buyer acknowledges that:

- (a) Martin Dunphy has been engaged in a non-executive capacity since April 2012;
- (b) John de Blocq van Kuffeler has been engaged in a non-executive capacity since his acquisition of his Shares; and
- (c) John Barclay Sinclair has been engaged in a non-executive capacity since his acquisition of his Shares.

## 7 Buyer Warranties

The Buyer warrants to each of the Sellers as at signing of this Agreement in the terms of the Buyer Warranties in Schedule 6.

## 8 Restrictions on the Covenants

8.1 For the purpose of assuring to the Wider Buyer's Group the value of the businesses and the full benefit of the goodwill of the businesses of the Companies, each of the Covenantors other than Martin Dunphy and Ascot severally undertakes and covenants with each member of the Wider Buyer's Group that (except for any interest in the shares or other securities of a company traded on a securities market so long as that interest does not extend to more than three per cent of the issued share capital of the company or the class of securities concerned) he shall not:

- (a) during the Restricted Period:
  - (i) carry on or be concerned, engaged or interested directly or indirectly in any capacity in any trade or business within the territory in which the Business operates at the Completion Date which competes with the business carried on by any of the Companies in which he was engaged or involved at any time during the Pre-Completion Period;
  - (ii) either on his own behalf or in any other capacity directly or indirectly do or say anything which may lead to any person ceasing to do business with any of the Companies on substantially the same terms as previously (or at all);
  - (iii) either on his own behalf or in any other capacity directly or indirectly endeavour to entice away from any of the Companies or solicit any person, firm or company who was a client or customer of any of the Companies during the Pre-Completion Period with whom he shall have been engaged or involved by virtue of his duties during the Pre-Completion Period;
  - (iv) either on his own behalf or in any other capacity directly or indirectly have any dealings (acting in a debt collection or debt purchasing capacity) with any person, firm or company who was a client or customer of any of the Companies during the Pre-Completion Period with whom he shall have been engaged or involved by virtue of his duties during the Pre-Completion period;
  - (v) either on his own behalf or in any other capacity directly or indirectly have any dealings (acting in a debt collection or debt purchase capacity) with any person, firm or company who was a supplier, agent or distributor of any of the Companies during the Pre-Completion Period with whom he shall have been engaged or involved by virtue of his duties during the Pre-Completion Period;
  - (vi) either on his own behalf or in any other capacity directly or indirectly endeavour to entice away from any of the Companies any person, firm or company who was a supplier, agent or distributor of any of the Companies during the Pre-Completion Period with whom he shall have been engaged or involved by virtue of his duties during the Pre-Completion Period;

- (vii) either on his own behalf or in any other capacity directly or indirectly employ, engage or induce, or seek to induce, to leave the service of any of the Companies any Restricted Employee whether or not such person would commit any breach of his contract of employment by reason of so leaving the service of any of the Companies or otherwise; or
  - (b) at any time after the Completion Date represent himself as being in any way currently connected with or interested in the business of any of the Companies (other than as a shareholder, director, employee or consultant if that be the case).
- 8.2 For the purpose of assuring to the Wider Buyer's Group the value of the businesses and the full benefit of the goodwill of the businesses of the Companies, each of Martin Dunphy and Ascot severally undertakes and covenants with each member of the Wider Buyer's Group that (except for any interest in the shares or other securities of a company traded on a securities market so long as that interest does not extend to more than three per cent of the issued share capital of the company or the class of securities concerned) he (or it) shall not:
- (a) during the Restricted Period:
    - (i) carry on or be concerned, engaged or interested directly or indirectly in any Restricted Business which directly or indirectly competes with the business carried on by any of the Companies at any time during the Pre-Completion Period;
    - (ii) either on his/its own behalf or in any other capacity directly or indirectly do or say anything which may lead to any person ceasing to do business with any of the Companies in the United Kingdom on substantially the same terms as during the Pre-Completion Period (or at all) including, but not limited to, providing consultancy services to any person, firm or company who was a client or customer of the Restricted Business during the Pre-Completion Period;
    - (iii) either on his/its own behalf or in any other capacity directly or indirectly in connection with any Restricted Business endeavour to entice away from any of the Companies or solicit any person, firm or company who was a client or customer of any of the Companies during the Pre-Completion Period;
    - (iv) either on his/its own behalf or in any other capacity directly or indirectly have any dealings in connection with any Restricted Business with any person, firm or company who was a client or customer of any of the Companies during the Pre-Completion Period;
    - (v) either on his/its own behalf or in any other capacity directly or indirectly have any dealings in connection with any Restricted Business with any person, firm or company who was a supplier, agent or distributor of any of the Companies during the Pre-Completion Period;
    - (vi) either on his/its own behalf or in any other capacity directly or indirectly in connection with any Restricted Business endeavour to entice away from any of the Companies any person, firm or company who was a supplier, agent or distributor of any of the Companies during the Pre-Completion Period;
    - (vii) either on his/its own behalf or in any other capacity directly or indirectly in connection with any Restricted Business employ, engage or induce, or seek to induce, to leave the service of any of the Companies any Restricted Employee whether or not such person would commit any breach of his contract of employment by reason of so leaving the service of any of the Companies or otherwise; or

(b) at any time after the Completion Date represent himself/itself as being in any way currently connected with or interested in the business of any of the Companies (other than as a shareholder, director, employee or consultant if that be the case).

8.3 Each of the restrictions contained in each paragraph of clause 8.1 and clause 8.2 is separate and distinct and is to be construed separately from the other such restrictions. Each of the Covenantors acknowledges that:

- (a) he/it considers the restrictions to be reasonable both individually and in the aggregate and that the duration, extent and application of each of the restrictions are no greater than is necessary for the protection of the goodwill of the businesses of the Companies; and
- (b) the consideration paid by the Buyer for the Shares and the Loan Notes under this Agreement takes into account and adequately compensates him/it for the restrictions imposed by clause 8.1 or clause 8.2 (as applicable).

However, if any of the restrictions shall be found to be void or unenforceable but would be valid or enforceable if some part or parts of the restriction were deleted or the period or area of application reduced, each of the Covenantors agrees that the restriction shall apply with such modification as may be necessary to make it valid.

8.4 Each member of the Wider Buyer's Group may enforce the terms of clauses 8.1 and 8.2 in accordance with the Contracts (Rights of Third Parties) Act 1999, provided always that, as a condition thereto, any such third party shall:

- (a) obtain the prior written consent of the Buyer; and
- (b) not be entitled to assign its rights under this clause 8.

## **9 Release by the Sellers**

9.1 Each of the Sellers confirms that following Completion (and save in respect of the Transaction Documents and the Equity Documents) he or it will have no claim (whether in respect of any breach of contract, compensation for loss of office or monies due to him or it or on any account whatsoever) outstanding against any of the Companies or against any of the shareholders, directors, officers, employees or professional advisers of any of the Companies and that no agreement or arrangement (other than any contract of employment) is outstanding under which any of the Companies or any of such persons has or could have any obligation of any kind to him or it. For the avoidance of doubt, the Sellers do not waive any claim that any of them may have against George Watt.

9.2 To the extent that any such claim or obligation exists or may exist (other than in connection with any future claim for breach of a contract of employment), the relevant Seller irrevocably and unconditionally waives such claim or obligation and releases each of the Companies and any such other persons from any liability whatsoever in respect of such claim or obligation.

9.3 Each of the Companies and any shareholder, director, officer, employee or professional adviser of any of the Companies who is not a party to this Agreement may enforce the terms of clauses 9.1 and 9.2 in accordance with the Contracts (Rights of Third Parties) Act 1999, provided always that, as a condition thereto, any such third party shall:

- (a) not be entitled to assign its rights under this clause 9; and
- (b) obtain the prior written consent of the Buyer.

## **10 Maintenance of and access to Books and Records**

- 10.1 From Completion for a period of at least six years, the Buyer shall and shall cause the Companies to, retain all Books and Records and other documents relating to Taxation which were in the possession of the Companies on Completion or which otherwise relate to the period prior to Completion.
- 10.2 From Completion for a period of at least six years, upon reasonable request:
- (a) the Buyer shall make available to each of the Sellers; and
  - (b) each Seller shall make available to the Buyer,
- such Books and Records in the possession of such Seller or the Buyer (as applicable) in respect of the Companies which any of the Sellers or the Buyer (as applicable) may reasonably require for the purpose of its Taxation and accounting affairs in relation to the Companies.

## **11 Dissolution of the Excluded Companies**

From Completion the Buyer:

- 11.1 shall and shall cause the Companies to promptly provide the Duke Street Sellers and their advisers with such assistance as the Duke Street Sellers may reasonably request in connection with the dissolution of the Excluded Companies; and
- 11.2 shall pay or procure the payment of all legal and liquidation fees, costs and expenses in connection with the dissolution of the Excluded Companies, subject always to the proviso in paragraph 11 of Schedule 8.

## **12 Sale of Marlin Unrestricted Holdings Limited**

For the avoidance of doubt, the Buyer and each of the Sellers confirms that following Completion he or it shall not object, dispute, challenge or bring any action in relation to the transfer of the entire issued share capital of Marlin Unrestricted Holdings Limited by Marlin Financial Intermediate Limited to Cabot Credit Management Limited for a consideration of £1 which was effected immediately prior to Completion.

## **13 Announcements**

- 13.1 Except to the extent otherwise expressly permitted by this Agreement, no party shall make any public announcement or issue a press release or respond to any enquiry from the press or other media concerning or relating to this Agreement or its subject matter or any ancillary matter without the written consent of the Sellers' Representatives and the Buyer (such consent not to be unreasonably withheld or delayed) other than issuing (or making any announcement, press release or statement which is consistent with) the Press Release.
- 13.2 Notwithstanding any other provision in this Agreement, a party may, after consultation with the Sellers' Representatives and the Buyer whenever practicable, make or permit to be made an announcement concerning or relating to this Agreement or its subject matter or any ancillary matter if and to the extent required by:
- (a) law;
  - (b) any securities exchange on which a party's securities are listed or traded; or

- (c) any regulatory or governmental or other authority with relevant powers to which a party is subject or submits, whether or not the requirement has the force of law,

and the party concerned shall take all such steps as may be reasonable and practicable in the circumstances to agree the contents of such announcement with the Sellers' Representatives and the Buyer before making such announcement.

13.3 Notwithstanding any other provision in this Agreement, the Buyer may make or permit to be made an announcement concerning or relating to this Agreement or its subject matter or any ancillary matter if and to the extent required in connection with its existing or prospective debt financing arrangements (including the Finance Arrangements) if and to the extent required by:

- (a) the terms of those existing or prospective financing arrangements or any offering or arranging process in connection therewith;
- (b) law;
- (c) any securities exchange on which any member of the Wider Buyer's Group's securities are listed or traded; or
- (d) regulatory or governmental or other authority with relevant powers to which any member of the Wider Buyer's Group is subject or submits, whether or not the requirement has the force of law.

## 14 Confidentiality

14.1 Subject to clause 14.2, each Seller undertakes with effect from Completion that, except to the extent otherwise expressly permitted by this Agreement, it shall keep confidential and not disclose or use to the detriment of the Buyer the Confidential Information.

14.2 Each of the parties undertakes to the others to keep confidential and not disclose or use to the detriment of any other party all information which relates to:

- (a) the provisions, or subject matter, of this Agreement or any related document;
- (b) the negotiations relating to this Agreement or any related document; and
- (c) businesses carried on by, and the affairs of any other party.

14.3 Notwithstanding any other provision in this Agreement, the Buyer may, after consultation with the Sellers' Representatives whenever practicable, and any of the Sellers may, after consultation with the Buyer and the Sellers' Representatives whenever practicable, disclose or use Confidential Information or other information which is otherwise to be treated as confidential under this clause 14 if and to the extent:

- (a) required by law;
- (b) required by any securities exchange on which the relevant party's securities (or the securities of any holding company of such party) are listed or traded;
- (c) required by any regulatory or governmental or other authority with relevant powers to which the relevant party is subject or submits (whether or not the requirement has the force of law);
- (d) required to vest the full benefit of this Agreement in that party or to enforce any of the rights of that party in this Agreement;
- (e) required by its professional advisers, officers, employees, Consultants, subcontractors or agents to provide their services (and subject always to similar duties of confidentiality);
- (f) that information is in or has come into the public domain through no fault of that party;

(g) the Buyer and the Sellers' Representatives have given prior written consent to the disclosure or use; or

(h) it is necessary to obtain any relevant tax clearances from any appropriate tax authority,

provided always that (x) Duke Street General Partner Limited, Duke Street Capital VI Fund Investment Limited Partnership and Duke Street VI Gestion SARL shall be permitted to disclose any such information to their limited partners and to disclose the sale of its interest in the Companies envisaged under this Agreement, the logo of the Company and the returns or multiple generated from Completion, respectively, to investors and potential investors, (y) the Buyer shall be permitted to disclose any such information to any Buyer Disclosee and to disclose its purchase of the Shares and the Loan Notes envisaged under this Agreement and the Consideration, in each case without consulting with or obtaining any prior consent from any other party to this Agreement but provided that the information is disclosed on a confidential basis and (z) the Buyer shall be permitted to disclose and use any such information from and after Completion in connection with any offering of securities of the Wider Buyer's Group for the financing or refinancing in respect of any transaction related to this Agreement.

14.4 The restrictions contained in this clause 14 shall continue to apply after Completion without limit in time.

## **15 Entire agreement**

15.1 This Agreement and the documents referred to or incorporated in it constitute the entire agreement between the parties relating to the subject matter of this Agreement and supersede and extinguish any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, between the parties in relation to the subject matter of this Agreement.

15.2 Each of the parties acknowledges and agrees that it has not entered into this Agreement in reliance on any statement or representation of any person (whether a party to this Agreement or not) other than as expressly incorporated in this Agreement.

15.3 Nothing in this Agreement or in any other document referred in this Agreement shall be read or construed as excluding any liability or remedy as a result of fraud.

15.4 Without limiting the generality of the foregoing, each of the parties irrevocably and unconditionally waives any right or remedy it may have to claim damages and/or to rescind this Agreement by reason of any misrepresentation (other than a fraudulent misrepresentation) having been made to it by any person (whether party to this Agreement or not) and upon which it has relied in entering into this Agreement.

15.5 Each of the parties acknowledges and agrees that the only cause of action available to it under the terms of this Agreement shall be for breach of contract.

## **16 Assignment and transfer**

16.1 Subject to clauses 16.2 and 16.3, this Agreement is personal to the parties and no party may assign, transfer, subcontract, delegate, charge or otherwise deal in any other manner with this Agreement or any of its rights or obligations nor grant, declare, create or dispose of any right or interest in it without the prior written consent of the Buyer (in the case of an assignment by any Seller) or the Sellers' Representatives (in the case of an assignment by the Buyer). Any purported assignment, transfer, subcontracting, delegation, charging or dealing in contravention of this clause 16 shall be ineffective.



- 16.2 All or any of the Buyer's rights under this Agreement (including, without limitation, in respect of the Title Warranties and the Business Warranties), or any of the Transaction Documents in which there are no express provisions governing assignment, may be assigned by the Buyer to any other member of the Wider Buyer's Group (or by any such member to any other member of the Wider Buyer's Group) provided that:
- (a) prior to such assignee company leaving the Wider Buyer's Group, such rights are assigned to another member of the Wider Buyer's Group; and
  - (b) if such assignment occurs, the liability of each Seller under the Transaction Documents shall be no greater than it would have been had such assignment not occurred.
- 16.3 This Agreement and the benefits arising under it may be assigned or charged in whole or in part by the Buyer to its financial lenders or banks or any member of their groups (including Funds) as security for any financing or refinancing in respect of any transaction related to this Agreement or any existing financing of the Wider Buyer's Group, and such benefits may be further assigned to any other financial institution by way of security for the borrowings of the Buyer 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 16.3 shall not increase the liability of any Seller under this Agreement beyond that which that Seller would otherwise have had but for that assignment or charging or transfer.
- 16.4 If there is an assignment as contemplated by either clause 16.2 or 16.3:
- (a) the Sellers may discharge their obligations under this Agreement to the assignor until the Sellers' Representatives receive written notice of the assignment; and
  - (b) the Buyer shall remain liable for any obligations of the Buyer under this Agreement.

## **17 Successors in title**

This Agreement shall be binding upon and shall, enure for the benefit of the successors and assignees of the parties and any such successor or assignee shall in its own right be able to enforce any term of this Agreement.

## **18 Costs and expenses**

Except as otherwise stated in this Agreement or as otherwise agreed between the Sellers (or any of them), each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution, performance and implementation of this Agreement and each document referred to in it and other agreements forming part of the transaction, save that this clause shall not prejudice the right of a party to seek to recover its costs in any litigation or dispute resolution procedure which may arise out of this Agreement.

## **19 Interest on late payments**

- 19.1 If a party fails to pay any sum payable by it on the due date for payment under this Agreement, it shall pay interest on the overdue sum for the period from and including the due date of payment up to the date of actual payment (after as well as before judgment) in accordance with clause 19.2.
- 19.2 The interest referred to in clause 19.1 shall accrue from day to day and shall be paid on demand at the rate of 3 per cent above the base rate from time to time of Barclays Bank plc. Unpaid interest shall compound quarterly.

## **20 No set-off**

All payments to be made under this Agreement shall be made in full without any set-off or counterclaim and free from any deduction or withholding save as may be required by law in which event such deduction or withholding shall not exceed the minimum amount which it is required by law to deduct or withhold and the payer will simultaneously pay to the payee such additional amounts as will result in the receipt by the payee of a net amount equal to the full amount which would otherwise have been receivable had no such deduction or withholding been required.

## **21 Waiver**

- 21.1 A waiver of any right, power, privilege or remedy provided by this Agreement must be in writing and may be given subject to any conditions thought fit by the grantor. For the avoidance of doubt, any omission to exercise, or delay in exercising, any right, power, privilege or remedy provided by this Agreement shall not constitute a waiver of that or any other right, power, privilege or remedy.
- 21.2 A waiver of any right, power, privilege or remedy provided by this Agreement shall not constitute a waiver of any other breach or default by another party and shall not constitute a continuing waiver of the right, power, privilege or remedy waived or a waiver of any other right, power, privilege or remedy.
- 21.3 Any single or partial exercise of any right, power, privilege or remedy arising under this Agreement shall not preclude or impair any other or further exercise of that or any other right, power, privilege or remedy.

## **22 Variation**

Any variation of this Agreement is valid only if it is in writing and signed by or on behalf of each of the Sellers' Representatives and the Buyer.

## **23 Severance**

- 23.1 If any provision of this Agreement is held to be invalid or unenforceable by any judicial or other competent authority, all other provisions of this Agreement will remain in full force and effect and will not in any way be impaired.
- 23.2 If any provision of this Agreement is held to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, or the period of the obligation reduced in time, or the range of activities or area covered, reduced in scope, the provision in question will apply with the minimum modifications necessary to make it valid and enforceable.

## **24 Further assurance**

Each of the Sellers shall use all reasonable endeavours from time to time on or following Completion, on being required to do so by the Buyer, to do or procure the doing of all such acts and/or execute or procure the execution of all such documents in a form reasonably satisfactory to the Buyer for giving full effect to that Seller's obligations under this Agreement and securing to the Buyer the full benefit of the rights, powers, privileges and remedies conferred upon the Buyer in this Agreement by that Seller provided that no Seller shall be obliged to incur any costs in connection with such acts or incur any obligation or liability under this clause as a result of the default of any other Seller.

## **25 Notices**

- 25.1 Any communication to be given in connection with this Agreement shall be in writing in English except where expressly provided otherwise and shall either be delivered by hand or sent by first class prepaid post or fax or by email. Delivery by courier shall be regarded as delivery by hand.
- 25.2 Such communication shall be sent to the address of the relevant party referred to in this Agreement or the fax number or email address set out below or to such other address or fax number or email address as may previously have been communicated to the other party in accordance with this clause 25.2 and clause 25.5. Each communication shall be marked for the attention of the relevant person.

<b>Party</b>	<b>Fax number or e-mail address</b>	<b>For the attention of:</b>
Duke Street General Partner Limited in its capacity as general partner of Duke Street VI No. 1 Limited Partnership	+44 (0)20 7663 8501	Miles Cresswell-Turner and Jason Lawford with a copy to: Tim Wright King & Wood Mallesons LLP +44 (0)20 7111 2000
Duke Street General Partner Limited in its capacity as general partner of Duke Street VI No. 2 Limited Partnership	+44 (0)20 7663 8501	Miles Cresswell-Turner and Jason Lawford with a copy to: Tim Wright King & Wood Mallesons LLP +44 (0)20 7111 2000
Duke Street General Partner Limited in its capacity as general partner of Duke Street VI No. 3 Limited Partnership	+44 (0)20 7663 8501	Miles Cresswell-Turner and Jason Lawford with a copy to: Tim Wright King & Wood Mallesons LLP +44 (0)20 7111 2000
Duke Street General Partner Limited in its capacity as general partner of Duke Street VI No. 4 Limited Partnership	+44 (0)20 7663 8501	Miles Cresswell-Turner and Jason Lawford with a copy to: Tim Wright King & Wood Mallesons LLP +44 (0)20 7111 2000
Duke Street General Partner Limited in its capacity as general partner of Duke Street Capital VI Fund Investment Limited Partnership	+44 (0)20 7663 8501	Miles Cresswell-Turner and Jason Lawford with a copy to: Tim Wright King & Wood Mallesons LLP +44 (0)20 7111 2000
Duke Street General Partner Limited in its capacity as general partner of Parallel Private Equity Duke Street Limited Partnership	+44 (0)20 7663 8501	Miles Cresswell-Turner and Jason Lawford with a copy to: Tim Wright King & Wood Mallesons LLP +44 (0)20 7111 2000

Duke Street VI  
Gestion SARL in its capacity as manager of Financière  
DSC VI

+44 (0)20 7663 8501

Miles Cresswell-Turner and Jason Lawford

with a copy to:

Tim Wright  
King & Wood Mallesons LLP  
+44 (0)20 7111 2000

Chris Adelsbach

chris\_adelsbach@yahoo.com

Chris Adelsbach

Emily Adelsbach

chris\_adelsbach@yahoo.com

Chris Adelsbach

Ascot Management Group Limited

Martin.Bowen@ariannol.ch

Martin Bowen

John De Blocq Van Kuffeler

jvankuffeler@outlook.com

John De Blocq Van Kuffeler

Martin Dunphy

+44 (0)20 8181 6013 and  
masonfinancialcorporation@gmail.com

Martin Dunphy

Richard Hunton

Hunton@hunton.net

Richard Hunton

Tariq Khan

tariq000khan@gmail.com

Tariq Khan

Ivan Lawrence

ivanlawrence@aol.com

Ivan Lawrence

David Page

davejamespage@hotmail.co.uk

David Page

Peter Richardson

richardsonpeter@btinternet.com

Peter Richardson

Jan Lee Rosenberg

blacktipjan@gmail.com

Jan Lee Rosenberg

John Barclay Sinclair

john@jbsinclair.com

John Sinclair

Kenneth John Stannard

Kenstannard@yahoo.com

Kenneth Stannard

Management Sellers' Representative

Kenstannard@yahoo.com

Kenneth Stannard

with copies to:

Nicholas Plant Dentons LLP  
Fax: +44 (0)20 7246 7777

and

Tim Wright  
King & Wood Mallesons LLP  
Fax: +44 (0)20 7111 2000

Martin Dunphy

with copies to:

Jan Lee Rosenberg  
blacktipjan@gmail.com

Ascot/Martin Dunphy/Jan Rosenberg Representative +44 (0)20 8181 6013

Institutional Seller's Representative

+44 (0)20 7663 8501

Miles Cresswell-Turner and Jason Lawford

with a copy to:

Tim Wright  
King & Wood Mallesons LLP  
+44 (0)20 7111 2000

Buyer

+44 (0)1732 522374 and  
crossroberts@cabotcm.com

Chris Ross-Roberts

with copies to:

Willem Wellinghoff  
WWellinghoff@cabotfinancial.com

and

Luke Powell  
Macfarlanes LLP  
+44 (0)20 7831 9607  
Luke.Powell@macfarlanes.com

25.3 A communication shall be deemed to have been served:

- (a) if delivered by hand at the address referred to in clause 25.2, at the time of delivery;
- (b) if sent by first class prepaid post to the address referred to in clause 25.2, at the expiration of two clear days after the time of posting; and
- (c) if sent by fax to the number referred to in clause 25.2 or sent by email to the email address specified in that clause, at the time of completion of transmission by the sender.

If a communication would otherwise be deemed to have been delivered outside normal business hours (being 9:30 a.m. to 5:30 p.m. on a Business Day in the time zone of the territory of the recipient) under the preceding provisions of this clause 25, it shall be deemed to have been delivered at the next opening of such business hours in the territory of the recipient.

25.4 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 prepaid letter or that the fax was despatched and a confirmatory transmission report received or that the email was transmitted to the correct email address, whether or not opened or read by the recipient.

25.5 A party may notify the other parties to this Agreement of a change to its name, relevant person, address or fax number or email address for the purposes of clause 25.2 provided that such notification shall only be effective on:

- (a) the date specified in the notification as the date on which the change is to take place; or
- (b) 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.

25.6 For the avoidance of doubt, the parties agree that the provisions of clauses 25.1, 25.2, 25.3, 25.4 and 25.5 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 proceeding, suit or action arising out of or in connection with this Agreement.

## **26 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall constitute an original, and all the counterparts shall together constitute one and the same agreement.

## **27 Governing language**

27.1 This Agreement is in English.

27.2 If this Agreement is translated into any language other than English, the English language text shall prevail in any event.

27.3 Each notice, instrument, certificate or other communication to be given by one party to another in this Agreement or in connection with this Agreement shall be in English (being the language of negotiation of this Agreement) and if such notice, instrument, certificate or other communication or this Agreement is translated into any other language, the English language text shall prevail.

## **28 Governing law**

This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, whether of a contractual or non-contractual nature, shall be governed by and construed in accordance with English law.

## **29 Jurisdiction**

The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement.

## **30 Interpretation**

30.1 The clause and paragraph headings and the table of contents used in this Agreement are inserted for ease of reference only and shall not affect construction.

30.2 References in this Agreement and the Schedules to the parties, the Introduction, Schedules and clauses are references respectively to the parties, the Introduction and Schedules to and clauses of this Agreement.

30.3 References to documents “in the agreed form” are to documents in terms agreed between the parties prior to execution of this Agreement and initialled by or on behalf of each of the Sellers’ Representatives and the Buyer for the purposes of identification.

30.4 References to “writing” or “written” includes any other non-transitory form of visible reproduction of words.

30.5 References to times of the day are, unless provided otherwise in this Agreement, to that time in London and references to a day are to a period of 24 hours running from midnight.

30.6 References to any English legal term or legal concept shall in respect of any jurisdiction other than England be deemed to include that which most approximates in that jurisdiction to such English legal term or legal concept.

30.7 References to persons shall include bodies corporate, unincorporated associations and partnerships, in each case whether or not having a separate legal personality.

30.8 References to the word “include” or “including” (or any similar term) are not to be construed as implying any limitation and general words introduced by the word “other” (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.

30.9 Save where the context specifically requires otherwise, words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof.

- 30.10 References to statutory provisions, enactments or EC Directives shall include references to any amendment, modification, extension, consolidation, replacement or re-enactment of any such provision, enactment or Directive (whether before or after the date of this Agreement), to any previous enactment which has been replaced or amended and to any regulation, instrument or order or other subordinate legislation made under such provision, enactment or Directive.
- 30.11 A company or other entity shall be a “holding company” for the purposes of this Agreement if it falls within either the meaning attributed to that term in section 1159 and Schedule 6 Companies Act 2006 or the meaning attributed to the term “parent undertaking” in section 1162 and Schedule 7 of such Act, and a company or other entity shall be a “subsidiary” for the purposes of this Agreement if it falls within any of the meanings attributed to a “subsidiary” in section 1159 and Schedule 6 Companies Act 2006 or any of the meanings attributed to the term “subsidiary undertaking” in section 1162 and Schedule 7 of such Act, and the terms “subsidiaries” and “holding companies” are to be construed accordingly, save that an undertaking shall also be treated, for the purposes only of the membership requirement contained in subsections 1162(2)(b) and (d) Companies Act 2006, as a member of another undertaking if any shares in that other undertaking are held by a person (or its nominee) by way of security or in connection with the taking of security granted by the undertaking or any of its subsidiary undertakings.

**31 Rights of third parties**

- 31.1 Except as otherwise expressly stated in clauses 8.4, 9.3, 16 and 17, this Agreement does not confer any rights on any person or party (other than the parties to this Agreement) pursuant to the Contracts (Rights of Third Parties) Act 1999.
- 31.2 Notwithstanding that any term of this Agreement may be or become enforceable by a third party, the terms of this Agreement or any of them may be varied in any way or waived or this Agreement may be rescinded (in each case) without the consent of any such third party.

**32 Execution**

This Agreement is entered into by the parties on the date at the beginning of this Agreement.

SCHEDULE 1

**Part 1 - Details of the Sellers, their respective shareholdings  
and their respective shares of the consideration**

(1) Name and address	(2) Number of Shares held	(3) Cash (£)	(4) Buyer Loan Notes (£)	(5) Share Consideration (£)	(6) Relevant Proportion (%)	(7) Cap on liability (£)
Duke Street VI No. 1 Limited Partnership acting by its general partner Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QS	601,877 B ordinary shares	31,983,680	0	31,983,680	0	0
Duke Street VI No. 2 Limited Partnership acting by its general partner Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QS	97,294 B ordinary shares	5,170,193	0	5,170,193	0	0



(1) Name and address	(2) Number of Shares held	(3) Cash (£)	(4) Buyer Loan Notes (£)	(5) Share Consideration (£)	(6) Relevant Proportion (%)	(7) Cap on liability (£)
Duke Street VI No. 3 Limited Partnership acting by its general partner Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QS	90,318 B ordinary shares	4,799,489	0	4,799,489	0	0
Duke Street VI No. 4 Limited Partnership acting by its general partner Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QS	107,459 B ordinary shares	5,710,360	0	5,710,360	0	0
Duke Street Capital VI Fund Investment Limited Partnership acting by its general partner Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QS	26,260 B ordinary shares	1,395,454	0	1,395,454	0	0

(1) Name and address	(2) Number of Shares held	(3) Cash (£)	(4) Buyer Loan Notes (£)	(5) Share Consideration (£)	(6) Relevant Proportion (%)	(7) Cap on liability (£)
Parallel Private Equity Duke Street Limited Partnership acting by its general partner Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QA	232,000 B ordinary shares	12,328,455	0	12,328,455	0	0
Financière DSC VI acting by its manager Duke Street VI Gestion SARL  52 Rue de la Victoire, 75009 Paris, France	4,792 B ordinary shares	254,646	0	254,646	0	0
Chris Adelsbach  4 Treeside Place Cranley Gardens, London N10 3AR	150,601 B ordinary shares	8,002,921	0	8,002,921	16.6	488,455
Ascot Management Group Limited  Twa Cochrane Skatfeld, Chancery Court, Providenciales, Turks and Caicos Islands	408,134 B ordinary shares	21,688,198	0	21,688,198	44.9	1,323,731

(1) Name and address	(2) Number of Shares held	(3) Cash (£)	(4) Buyer Loan Notes (£)	(5) Share Consideration (£)	(6) Relevant Proportion (%)	(7) Cap on liability (£)
John De Blocq Van Kuffeler 5 Little Chester Street London SW1X 7AL	30,612 A ordinary shares 20,000 C ordinary shares	1,626,719	0	1,626,719	3.4	99,286
Martin Dunphy Flat 8, 42 Upper Brook Street, London, W1K 7QP	1 A ordinary share	53	0	53	0	0
Richard Alan Hunton 38 Limes Avenue, Staincross, Barnsley, South Yorkshire, S75 6JP	5,270 A ordinary shares 10,000 C ordinary shares	31,095	248,952	280,047	0.6	17,093
Tariq Khan Rebwiesstrasse 43, 8702 Zollikon, Switzerland	54,192 B ordinary shares	2,879,757	0	2,879,757	6.0	175,765
Ivan Lawrence 14 High Street South, Tiffield, Northamptonshire, NN12 8AB	17,204 A ordinary shares 20,000 C ordinary shares	57,296	856,922	914,219	1.9	55,799

(1) Name and address	(2) Number of Shares held	(3) Cash (£)	(4) Buyer Loan Notes (£)	(5) Share Consideration (£)	(6) Relevant Proportion (%)	(7) Cap on liability (£)
David James Page	33,396 A ordinary shares	1,486,656	4,626,079	6,112,735	12.6	373,088
Longlands Villa, 1 Longlands, Worthing, West Sussex, BN14 9NS	81,635 B ordinary shares					
	20,000 C ordinary shares					
Peter Richardson	20,204 A ordinary shares	37,481	1,036,158	1,073,638	2.2	65,529
40 Derwent Road Harpenden Hertfordshire AL5 3NX						
Jan Lee Rosenberg	145,438 B ordinary shares	7,728,560	0	7,728,560	0	0
11505 Luvie Court, Potomac MD 20854, United States						
John Barclay Sinclair	10,204 A ordinary shares	542,239	0	542,239	1.1	33,095
c/o Duke Street Nations House, 103 Wigmore Street, London, W1U 1QS						

(1) Name and address	(2) Number of Shares held	(3) Cash (£)	(4) Buyer Loan Notes (£)	(5) Share Consideration (£)	(6) Relevant Proportion (%)	(7) Cap on liability (£)
Kenneth John Stannard 66 Elms Road, London, SW4 9EW	115,220 A ordinary shares  20,000 C ordinary shares	204,889	5,007,868	5,212,756	10.8	318,159
Marlin Financial Group Limited Employee Benefit Trust acting by its trustee Carey Pensions and Benefits Limited  1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 4LX	599 A ordinary shares	31,381	0	31,381	0	0

**Part 2—Details of the Loan Notes**

<b>(1) Name and Address</b>	<b>(2) Loan Note(s) (£)</b>	<b>(3) Loan Note Consideration (£)</b>
Duke Street VI No.1 Limited Partnership acting by its general partner Duke Street General Partner Limited Nations House, 103 Wigmore Street, London, W1U 1QS	21,233,956	21,233,956
Duke Street VI No.2 Limited Partnership acting by its general partner Duke Street General Partner Limited Nations House, 103 Wigmore Street, London, W1U 1QS	3,432,485	3,432,485
Duke Street VI No.3 Limited Partnership acting by its general partner Duke Street General Partner Limited Nations House, 103 Wigmore Street, London, W1U 1QS	3,186,367	3,186,367

(1) Name and Address	(2) Loan Note(s) (£)	(3) Loan Note Consideration (£)
Duke Street VI No.4 Limited Partnership acting by its general partner Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QS	3,791,101	3,791,101
Duke Street Capital VI Fund Investment Limited Partnership acting by its manager Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QS	926,441	926,441
Parallel Private Equity Duke Street Limited Partnership acting by its general partner Duke Street General Partner Limited  Nations House, 103 Wigmore Street, London, W1U 1QS	8,184,850	8,184,850

(1) Name and Address	(2) Loan Note(s) (£)	(3) Loan Note Consideration (£)
Financière DSC VI acting by its manager Duke Street VI Gestion SARL 52 Rue de la Victoire, 75009 Paris, France	169,057	169,057
Ascot Management Group Limited Twa Cochrane Skatfeld Chancery Court, Providenciales, Turks and Caicos Islands	1,275,555	1,275,555
Jan Lee Rosenberg 11505 Luvie Court Potomac MD 20854, United States	381,043	381,043
Chris Adelsbach 4 Treeside Place Cranley Gardens, London N10 3AR	1,792,898	1,792,898
Emily Adelsbach 4 Treeside Place Cranley Gardens, London N10 3AR	85,622	85,622



(1) Name and Address	(2) Loan Note(s) (£)	(3) Loan Note Consideration (£)
David Page Longlands Villa, 1 Longlands, Worthing, West Sussex BN14 9NS	36,972	36,972
Kenneth Stannard 66 Elms Road, London, SW4 9EW	204,033	204,033
Ivan Lawrence 14 High Street South, Tiffield, Northamptonshire, NN12 8AB	5,801	5,801
Tariq Khan Rebwiesstrasse 43, 8702 Zollikon, Switzerland	30,810	30,810
Peter Richardson 40 Derwent Road Harpden Hertfordshire AL5 3NX	45,801	45,801

(1) Name and Address	(2) Loan Note(s) (£)	(3) Loan Note Consideration (£)
Richard Hunton  38 Limes Avenue, Staincross, Barnsley, South Yorkshire, S75 6JP	2,996	2,996
John Barclay Sinclair  c/o Duke Street Nations House, 103 Wigmore Street, London, W1U 1QS	18,601	18,601

SCHEDULE 2

**Part 1**  
**Particulars of the Company**

Name: Marlin Financial Group Limited  
 Number: 07195881  
 Date of registration: 19 March 2010 under the Companies Act 2006  
 Status: Private company  
 Place of registration: England & Wales  
 Registered Office: Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom  
 Issued share capital: £30,000 divided into:

- 300,000 A ordinary shares of £0.01 each
- 2,000,000 B ordinary shares of £0.01 each
- 140,000 C ordinary shares of £0.01 each

Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Duke Street General Partner Limited in its capacity as general partner of Duke Street VI No.1 Limited Partnership	601,877 B ordinary shares
	Duke Street General Partner Limited in its capacity as general partner of Duke Street VI No.2 Limited Partnership	97,294 B ordinary shares
	Duke Street General Partner Limited in its capacity as general partner of Duke Street VI No.3 Limited Partnership	90,318 B ordinary shares
	Duke Street General Partner Limited in its capacity as general partner of Duke Street VI No.4 Limited Partnership	107,459 B ordinary shares
	Duke Street General Partner Limited in its capacity as manager of Duke Street Capital VI Fund Investment Limited Partnership	26,260 B ordinary shares
	Parallel Private Equity Duke Street Limited Partnership	232,000 B ordinary shares
	Financière DSC VI	4,792 B ordinary shares

	Chris Adelsbach	150,601 B ordinary shares
	Ascot Management Group Limited	408,134 B ordinary shares
	John De Blocq Van Kuffeler	30,612 A ordinary shares 20,000 C ordinary shares
	Martin Dunphy	1 A ordinary share
	Richard Hunton	5,270 A ordinary shares 10,000 C ordinary shares
	Tariq Khan	54,192 B ordinary shares
	Ivan Lawrence	17,204 A ordinary shares 20,000 C ordinary shares
	David Page	33,396 A ordinary shares 81,635 B ordinary shares 20,000 C ordinary shares
	Peter Richardson	20,204 A ordinary shares
	Jan Lee Rosenberg	145,438 B ordinary shares
	John Barclay Sinclair	10,204 A ordinary shares
	Kenneth John Stannard	115,220 A ordinary shares 20,000 C ordinary shares
	Juliet Telford	42,000 A ordinary shares 30,000 C ordinary shares
	George Watt	25,290 A ordinary shares 20,000 C ordinary shares
	Carey Pensions and Benefits Limited in its capacity as trustee of the Marlin Financial Group Limited Employee Benefit Trust	599 A ordinary shares
	<i>Name</i>	<i>To remain in place following Completion?</i>
Directors:	Miles Cresswell-Turner	No
	Jason Lawford	No
	John De Blocq van Kuffeler	No
	Martin Dunphy	No
	Peter Richardson	Yes
	John Barclay Sinclair	No
	Kenneth Stannard	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

**Part 2**  
**Particulars of the Subsidiaries**

Name:	Marlin Financial Intermediate Limited	
Number:	07196379	
Date of registration:	19 March 2010 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£11,600 divided into 11,600 ordinary shares of £1 each	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Financial Group Limited	11,600 ordinary shares
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	Miles Cresswell-Turner	No
	Jason Lawford	No
	Martin Dunphy	No
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	Marlin Unrestricted Holdings Limited	
Number:	08617335	
Date of registration:	19 July 2013 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Financial Intermediate Limited	1 ordinary share
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name: Marlin Europe V Limited  
Number: 08260772  
Date of registration: 19 October 2012 under the Companies Act 2006  
Status: Private company  
Place of registration: England & Wales  
Registered Office: Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom  
Issued share capital: £1 divided into 1 ordinary share of £1  
Shareholder and shareholding:

<i>Name</i>	<i>Shares Held</i>
Marlin Unrestricted Holdings Limited	1 ordinary share
<i>Name</i>	<i>To remain in place following Completion?</i>
David Page	Yes
Kenneth Stannard	Yes
Peter Richardson	Yes
Tariq Khan	No

Directors:

Secretary: Tariq Khan  
Auditors: Deloitte LLP

Name:	Marlin Europe VI Limited	
Number:	08260821	
Date of registration:	19 October 2012 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Unrestricted Holdings Limited	1 ordinary share
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	



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Name:	Marlin Europe VII Limited														
Number:	08584320														
Date of registration:	25 June 2013 under the Companies Act 2006														
Status:	Private company														
Place of registration:	England & Wales														
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom														
Issued share capital:	£1 divided into 1 ordinary share of £1														
Shareholder and shareholding:	<table><thead><tr><th><i>Name</i></th><th><i>Shares Held</i></th></tr></thead><tbody><tr><td>Marlin Unrestricted Holdings Limited</td><td>1 ordinary share</td></tr><tr><th><i>Name</i></th><th><i>To remain in place following Completion?</i></th></tr><tr><td>David Page</td><td>Yes</td></tr><tr><td>Kenneth Stannard</td><td>Yes</td></tr><tr><td>Peter Richardson</td><td>Yes</td></tr><tr><td>Tariq Khan</td><td>No</td></tr></tbody></table>	<i>Name</i>	<i>Shares Held</i>	Marlin Unrestricted Holdings Limited	1 ordinary share	<i>Name</i>	<i>To remain in place following Completion?</i>	David Page	Yes	Kenneth Stannard	Yes	Peter Richardson	Yes	Tariq Khan	No
<i>Name</i>	<i>Shares Held</i>														
Marlin Unrestricted Holdings Limited	1 ordinary share														
<i>Name</i>	<i>To remain in place following Completion?</i>														
David Page	Yes														
Kenneth Stannard	Yes														
Peter Richardson	Yes														
Tariq Khan	No														
Directors:															
Secretary:															
Auditors:	Deloitte LLP														

Name:	Marlin Europe VIII Limited	
Number:	08584322	
Date of registration:	25 June 2013 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Unrestricted Holdings Limited	1 ordinary share
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name: Marlin Europe IX Limited  
Number: 08584323  
Date of registration: 25 June 2013 under the Companies Act 2006  
Status: Private company  
Place of registration: England & Wales  
Registered Office: Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom  
Issued share capital: £1 divided into 1 ordinary share of £1  
Shareholder and shareholding:

<i>Name</i>	<i>Shares Held</i>
Marlin Unrestricted Holdings Limited	1 ordinary share
<i>Name</i>	<i>To remain in place following Completion?</i>
David Page	Yes
Kenneth Stannard	Yes
Peter Richardson	Yes
Tariq Khan	No

Directors:

Secretary: Tariq Khan  
Auditors: Deloitte LLP

Name:	Marlin Europe X Limited	
Number:	08584325	
Date of registration:	25 June 2013 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Unrestricted Holdings Limited	1 ordinary share
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	Marlin Financial Intermediate II Limited	
Number:	08346249	
Date of registration:	3 January 2013 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£762,986 divided into 762,986 ordinary shares of £1 each	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Financial Intermediate Limited	762,986 ordinary shares
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	David Page	Yes
	Peter Richardson	Yes
	Kenneth Stannard	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	Marlin Intermediate Holdings plc	
Number:	08248105	
Date of registration:	10 October 2012 under the Companies Act 2006	
Status:	Public company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£50,001 divided into 5,000,100 ordinary shares of £0.01 each	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Financial Intermediate II Limited	5,000,100 ordinary shares
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	David Page	Yes
	Peter Richardson	Yes
	Kenneth Stannard	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

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Name:	Marlin Midway Limited	
Number:	08255990	
Date of registration:	16 October 2012 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£7,629.85 divided into 762,985 ordinary shares of £0.01 each	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Intermediate Holdings plc	762,985 ordinary shares
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	David Page	Yes
	Peter Richardson	Yes
	Kenneth Stannard	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name: Black Tip Capital Holdings Limited  
 Number: 05927496  
 Date of registration: 7 September 2006 under the Companies Act 1985  
 Status: Private company  
 Place of registration: England & Wales  
 Registered Office: Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom  
 Authorised share capital: £19,000 divided into 1,900,000 A ordinary shares of £0.01 each

£1,000 divided into 100,000 B ordinary shares of £0.01 each

Issued share capital: £7,529.85 divided into:

- 683,100 A ordinary shares of £0.01 each
- 69,885 B ordinary shares of £0.01 each

Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Midway Limited	683,100 A ordinary shares 69,885 B ordinary shares
	<i>Name</i>	<i>To remain in place following Completion?</i>
Directors:	Chris Adelsbach	No
	Martin Dunphy	No
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	



Name:	Marlin Senior Holdings Limited	
Number:	08215555	
Date of registration:	14 September 2012 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£250,710 divided into 250,710 ordinary shares of £1 each	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Black Tip Capital Holdings Limited	250,710 ordinary shares
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	Martin Dunphy	No
	Kenneth Stannard	Yes
	Peter Richardson	Yes
	David Page	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name: ME III Limited  
Number: 07255614  
Date of registration: 17 May 2010 under the Companies Act 2006  
Status: Private company  
Place of registration: England & Wales  
Registered Office: Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom  
Issued share capital: £1 divided into 1 ordinary share of £1  
Shareholder and shareholding:

<i>Name</i>	<i>Shares Held</i>
Black Tip Capital Holdings Limited	1 ordinary share
<i>Name</i>	<i>To remain in place following Completion?</i>
Martin Dunphy	No
David Page	Yes
Kenneth Stannard	Yes
Peter Richardson	Yes

Directors: Tariq Khan No  
Secretary: Tariq Khan No  
Auditors: Deloitte LLP

Name: Marlin Financial Services Limited  
 Number: 04618038  
 Date of registration: 16 December 2002 under the Companies Act 1985  
 Status: Private company  
 Place of registration: England & Wales  
 Registered Office: Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom  
 Authorised share capital: £1,200 divided into £1,200 ordinary shares of £1 each  
 Issued share capital: £1,001 divided into:

- 611 ordinary shares of £1 each
- 390 preference shares of £1 each

Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Senior Holdings Limited	611 ordinary shares 390 preference shares
	<i>Name</i>	<i>To remain in place following Completion?</i>
Directors:	Martin Dunphy	No
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	Marlin Legal Services Limited	
Number:	06200270	
Date of registration:	3 April 2007 under the Companies Act 1985	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Authorised share capital:	£1,000 divided into 1,000 ordinary shares of £1 each	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Senior Holdings Limited	1 ordinary share
	<i>Name</i>	<i>To remain in place following Completion?</i>
Directors:	Chris Adelsbach	No
	Martin Dunphy	No
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	Marlin Portfolio Holdings Limited	
Number:	08215352	
Date of registration:	14 September 2012 under the Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£108 divided into 108 ordinary shares of £1 each	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Senior Holdings Limited	108 ordinary shares
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	Marlin Capital Europe Limited	
Number:	04623224	
Date of registration:	20 December 2002 under the Companies Act 1985	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Authorised share capital:	£100 divided into 100 shares of £1 each	
Issued share capital:	£100 divided into 100 ordinary shares of £1 each	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Portfolio Holdings Limited	100 ordinary shares
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	Martin Dunphy	No
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	MCE Portfolio Limited	
Number:	05892466	
Date of registration:	1 August 2006 under the Companies Act 1985	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Authorised share capital:	£100 divided into 100 ordinary shares of £1 each	
Issued share capital:	£2 divided into 2 ordinary shares of £1 each	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Portfolio Holdings Limited	2 ordinary shares
	<i>Name</i>	<i>To remain in place following Completion?</i>
Directors:	Martin Dunphy	No
	Kenneth Stannard	Yes
	Peter Richardson	Yes
	David Page	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	MFS Portfolio Limited	
Number:	05477405	
Date of registration:	10 June 2005 under the Companies Act 1985	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Authorised share capital:	£1,000 divided into 1,000 shares of £1 each	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Portfolio Holdings Limited	1 ordinary share
	<i>Name</i>	<i>To remain in place following Completion?</i>
Directors:	Martin Dunphy	No
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	



Name:	Marlin Europe I Limited	
Number:	05948653	
Date of registration:	27 September 2006 under Companies Act 1985	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Authorised share capital:	£1,000 divided into 1,000 ordinary shares of £1 each	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Portfolio Holdings Limited	1 ordinary share
	<i>Name</i>	<i>To remain in place following Completion?</i>
Directors:	Martin Dunphy	No
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	Marlin Europe II Limited	
Number:	06145019	
Date of registration:	8 March 2007 under Companies Act 1985	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Authorised share capital:	£1,000 divided into 1,000 ordinary shares of £1 each	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Portfolio Holdings Limited	1 ordinary share
	<i>Name</i>	<i>To remain in place following Completion?</i>
Directors:	Martin Dunphy	No
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

Name:	ME IV Limited	
Number:	07256706	
Date of registration:	18 May 2010 under Companies Act 2006	
Status:	Private company	
Place of registration:	England & Wales	
Registered Office:	Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP, United Kingdom	
Issued share capital:	£1 divided into 1 ordinary share of £1	
Shareholder and shareholding:	<i>Name</i>	<i>Shares Held</i>
	Marlin Portfolio Holdings Limited	1 ordinary share
Directors:	<i>Name</i>	<i>To remain in place following Completion?</i>
	Martin Dunphy	No
	David Page	Yes
	Kenneth Stannard	Yes
	Peter Richardson	Yes
Secretary:	Tariq Khan	No
Auditors:	Deloitte LLP	

**Part 1****Documents which are to be delivered by the Sellers individually at Completion**

- 1 Transfers in respect of the Shares held by that Seller duly executed by the registered holders thereof in favour of the Buyer or as it may direct.
- 2 Certificates for the Shares held by that Seller (or indemnities in respect thereof in the agreed form).
- 3 Transfers in respect of the Loan Notes held by that Seller duly executed by the registered holders thereof in favour of the Buyer or as it may direct.
- 4 Certificates for the Loan Notes held by that Seller (or indemnities in respect thereof in the agreed form).
- 5 Irrevocable powers of attorney in the agreed form executed by that Seller to enable the Buyer (during the period prior to the registration of the transfer of the Shares) to exercise all voting and other rights attaching to the Shares.
- 6 In the case of a Seller that is a body corporate, a certified copy of a board resolution of that Seller in the agreed form authorising the execution and performance by that Seller of its obligations under this Agreement and each of the documents to be executed by that Seller pursuant to this Agreement.
- 7 Any power of attorney or authority under which any document required to be delivered by that Seller under clause 5.2(a) has been executed.
- 8 The resignations in the agreed form of each of the Directors and the secretary (if any) of each of the Companies (other than those indicated by a "Yes" in column 2 of Part 1 and Part 2 of Schedule 2, being those requested by the Buyer to remain).
- 9 Letters from Sirgan Financial and Business Solutions Limited, Peter Richardson, Bluemont Capital Limited and, within seven days following Completion, JB Sinclair Limited and Parchester Limited (which are countersigned by the Company) terminating their respective consultancy arrangements with the Company with effect from Completion and confirming that no further sums remain payable by the Company.

**Part 2****Documents which are to be delivered by the Warrantors at Completion**

- 1 Except to the extent they are in the possession of any of the Companies' financial lenders or banks, certificates for all shares in the Subsidiaries (or indemnities in respect thereof in the agreed form) and duly executed transfers in favour of the Buyer or as it shall direct (to be delivered in the same manner as the Shares) of all such shares not registered in the Company's name or the name of another Subsidiary.
- 2 Certified copies of board resolutions of each of the Companies in the agreed form.
- 3 Any power of attorney or authority under which any document required to be delivered by the Warrantors under clause 5.2(b) has been executed.

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**Part 3****Documents which are to be delivered by the Buyer at Completion**

- 1 A certified copy of a board resolution of the Buyer in the agreed form authorising the execution and performance by the Buyer of its obligations under this Agreement and each of the documents to be executed by the Buyer pursuant to this Agreement.
- 2 Any power of attorney or authority under which any document required to be delivered by the Buyer under clause 5.2(c) has been executed.

SCHEDULE 4

**Properties**

Address	Description	Title number	Current Use	Term and expiry date	Current rent (excluding rates and other costs)	Rent Review Date
16-22 Grafton Road, Worthing, West Sussex BN11 1QP	Four-storey, purpose-built office.	WSX283867	Office	15 year term expiring 28 September 2017	£145,125 per annum	None prior to expiry of lease on 29 September 2017
Curzon Suite, 3 Queen Street, London W1J 5PA	Office	Not applicable (unregistered licence)	Office	Six month term expiring on 3 August 2014 (terminable on 2 months' notice)	£6,254.82 per month	None

**Warranties****1 Title Warranties****1.1 Title**

- (a) The number of Shares set opposite that Seller's name in Part 1 of Schedule 1 is legally and beneficially owned by that Seller.
- (b) In respect of that Seller, there is no Encumbrance on, over or affecting the Shares registered in its name nor any agreement or commitment to create any such Encumbrance and no claim has been received by such Seller that any person is entitled to any such Encumbrance.

**1.2 Capacity**

- (a) The Seller has the requisite power and authority to enter into and perform this Agreement and each of the other Transaction Documents.
- (b) This Agreement constitutes valid and legally binding obligations of the Seller. Neither the entry into this Agreement nor the implementation of the transactions contemplated by it will result in:
  - (i) if the Seller is a body corporate, a breach of any provision of the memorandum and articles of association of that Seller;
  - (ii) a breach of, or give rise to a default under, any contract or other instrument to which that Seller is a party or by which it is bound; or
  - (iii) a breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or regulatory authority applicable to that Seller or any of its assets.
- (c) No consent or approval of, authorisation or order of any court or any governmental, regulatory or other authority which has not been obtained or made at the date of this Agreement is required by that Seller for the execution or implementation of this Agreement.

**1.3 Insolvency**

- (a) The Seller has not:
  - (i) entered into any arrangement or composition for the benefit of its creditors or any of them nor has it (or its agent or nominee) convened a meeting of its creditors;
  - (ii) submitted to its creditors or any of them a proposal under Part I Insolvency Act 1986;
  - (iii) entered into any arrangement, scheme, compromise, moratorium or composition with any of its creditors (whether under Part I Insolvency Act 1986 or otherwise);
  - (iv) made an application to the Court under Part 26 Companies Act 2006 or resolved to make such an application;

- (v) presented a petition for winding up nor has a petition for winding up been presented against it which has not been withdrawn within 14 days, nor has a winding up order been made against it or a provisional liquidator appointed;
- (vi) been the subject of a resolution for voluntary winding up (other than a voluntary winding up while solvent for the purposes of an amalgamation or reconstruction which has the prior written approval of the other party) nor has a meeting of its shareholders been called to consider a resolution for winding up;
- (vii) had an administrative receiver or receiver appointed in respect of all or any of its assets or the assets of any guarantor; or
- (viii) had a written demand for the payment of sums due served upon it in accordance with section 123(1)(a) Insolvency Act 1986 which has not been settled or disputed,

and no event analogous to any of the foregoing has occurred in relation to the Seller in or outside England.

(b) The Seller is not:

- (i) the subject of an interim order under Schedule 1B Insolvency Act 1986 nor has it made an application to Court for such an order;
- (ii) the subject of an administration order, nor has a resolution been passed by the Directors or shareholders for the presentation of a petition for such an order nor has a petition for such an order been presented or come into force; or
- (iii) subject to a resolution passed by the Directors or the shareholders for notice of appointment of an administrator to be filed with the Court, nor has a notice of appointment of an administrator been filed with the Court by the holder of a floating charge or by the Company or its Directors.

(c) The Seller is not:

- (i) subject to any order, decree or judgment of any court, governmental agency or regulatory authority which is still in force; nor
- (ii) a party to any litigation, arbitration or administrative proceedings which are in progress or threatened or pending by or against or concerning it or any of its assets; nor
- (iii) the subject of any governmental, regulatory or official investigation or enquiry which is in progress or threatened or pending,

which in each case has or could have a material adverse effect on the Seller's ability to execute, deliver and perform its obligations under this Agreement.

## **2 The Shares**

- 2.1 The Shares constitute the whole of the issued and allotted share capital of the Company, have been validly allotted and issued and are fully paid or credited as fully paid.
- 2.2 The number of shares in each of the Subsidiaries set out in Schedule 2 comprise the whole of the issued and allotted share capital of the Subsidiaries and all of them have been validly allotted and issued and are issued fully paid or credited as fully paid.
- 2.3 There are no contracts, agreements or arrangements outstanding which call for the allotment, issue or transfer of, or accord to any person the right to call for the allotment, issue or transfer of, the Shares, or any other shares, or any debentures in or securities of any of the Companies.



### **3 The Company and the Subsidiaries**

- 3.1 Each of the Companies is duly incorporated and validly existing under the laws of the jurisdiction in which it is incorporated.
- 3.2 The Subsidiaries are the only subsidiaries of the Company and the Company does not have any subsidiary or any associate (being a company which falls to be treated as such for the purposes of FRS 9) other than the Subsidiaries.
- 3.3 Each of the Subsidiaries is wholly owned (directly or indirectly) by the Company.
- 3.4 With the exception of the Subsidiaries, none of the Companies owns (and has never entered into legally binding obligations that are still valid to own) any shares or debentures in the capital of, nor does any of the Companies have (nor has any of the Companies 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 of the Companies control or take part in (nor has any of the Companies 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.
- 3.5 None of the Companies has in the last three years:
- (a) repaid, redeemed or purchased or agreed to repay, redeem or purchase any securities or shares of any class of its share capital or otherwise reduced or agreed to reduce its issued share capital or any class thereof;
  - (b) issued or agreed or resolved to issue securities or shares of any class otherwise than for cash;
  - (c) capitalised or agreed to capitalise in the form of shares, debentures or any other securities or in paying up any amounts unpaid on any shares, debentures or other securities any profits or reserves of any class or description or passed or agreed to pass any resolutions to do so;
  - (d) received a distribution from any Subsidiary in contravention of the provisions of the Companies Acts 1985 to 2006; or
  - (e) declared, paid or made a dividend or other distribution otherwise than in accordance with its articles of association and the applicable provisions of the Companies Acts 1985 to 2006.
- 3.6 None of the Companies is party to any joint venture, consortium, partnership or profit sharing agreement.
- 3.7 None of the Companies is under any liability (contingent or otherwise) in respect of any obligations or liabilities of any body corporate that was before (but not at) the date of this Agreement a subsidiary undertaking of that Group Company.
- 3.8 No person is entitled to receive from any of the Companies any finder's fee, brokerage or other commission in connection with the sale and purchase of the Shares.

### **4 Arrangements with the Sellers**

- 4.1 At the date of this Agreement, there are not currently outstanding, any contracts, agreements or arrangements to which any of the Companies is a party and in which any Seller or any director or shareholder of the Company or any of their respective Connected Persons is interested.

For the purposes of this warranty a person shall be deemed to be interested in a contract if, were he a director of the Company or Subsidiary (as applicable), he would be interested in that contract for the purposes of section 177 Companies Act 2006.

4.2 No assets owned by or facilities provided by any Seller are required to enable the Business to be carried on in the same manner, with the same scope, to the same extent and on the same basis as the Business is carried on at the date of this Agreement.

## 5 Effects of transaction

5.1 As a result of the acquisition of the Shares by the Buyer and/or compliance with the terms of this Agreement or any other Transaction Document:

- (a) no counterparty to a Warranted Contract will be entitled to terminate that Warranted Contract;
- (b) no officer or senior Employee (being a person in receipt of remuneration in excess of £90,000 per annum) of any of the Companies will become entitled to any payment or benefit or be entitled to treat himself as redundant or otherwise dismissed or released from any obligation; and
- (c) no licence, consent or other permission or approval required for or in connection with the carrying on of the Business will terminate, be revoked or become capable of termination or revocation,

and the Warrantor has not been informed in writing that any person who now has business dealings with any of the Companies would cease to do so from and after Completion.

5.2 The execution by the Seller of this Agreement:

- (a) will not constitute a breach of the memorandum or articles of association of any of the Companies; or
- (b) will not result in the creation, imposition, crystallisation or enforcement of any Encumbrance on, over or affecting any of the assets of any of the Companies.

5.3 The Relevant Net Debt of the Company and each of its Restricted Subsidiaries (each as defined in the Bond) does not exceed an amount equal to 50% of ERC at Completion.

## 6 Accounts

6.1 The Accounts have been prepared and audited in accordance with the Accounts Standards and give a true and fair view of the state of affairs of the Companies at the Accounts Date and of the profits and losses for the period covered by the Accounts.

6.2 The Accounts apply bases and policies of accounting which have been consistently applied in the audited consolidated financial statements of the Companies for the prior accounting reference period.

6.3 All accounts, books, ledgers, financial and other records of whatsoever kind of each of the Companies which that company is required to maintain by applicable law are in the possession or under the control of the Company or a Subsidiary.

6.4 The Management Accounts have been properly prepared in good faith and with such care as is reasonable for the preparation of unaudited management accounts.

6.5 The Locked Box Accounts, the March Management Accounts and the June Management Accounts were in each case prepared in all material respects in accordance with the Accounting Standards Board's Reporting Statement of Half Yearly Financial Reports.

6.6 ERC as at the Locked Box Date was calculated in accordance with the collection "scorecard" as in use by the Companies as at the Locked Box Date.

## **7 Events since the Accounts Date**

Since the Accounts Date:

- (a) there has been no change in the issued share or loan capital of any of the Companies or in the legal or beneficial ownership of any of the Companies;
- (b) no dividend or other distribution (whether in cash, stock or in kind) has been declared, authorised, paid or made, by the Company (except for any dividends provided for in the Accounts);
- (c) no resolution of any of the Companies in general meeting has been passed other than resolutions relating to ordinary business at annual general meetings;
- (d) the business of each of the Companies has been carried on in the ordinary course consistent with past practice and so as to maintain it as a going concern without any interruption in its nature, scope or manner;
- (e) none of the Companies has acquired or disposed of or agreed to acquire or dispose of any business or any asset (other than trading stock in the ordinary course of business), interest in any share, debenture or security of any company, or undertaking; and
- (f) other than normal course pay rises and bonuses consistent with the Company's previous practice, no change has been made in the emoluments or other terms of employment of any of the Employees who are in receipt of remuneration in excess of £90,000 per annum or of any of the Directors and the Company has not paid any bonus or special remuneration to any such Employee or any Director.

## **8 Events since the Locked Box Date**

Since the Locked Box Date:

- (a) there has been no material deterioration in the financial or trading position, profitability or turnover of the Companies;
- (b) there has been no event or occurrence (including the loss of any customer or supplier) which has had a material adverse effect on the Companies' respective businesses or their value or profitability;
- (c) none of the Companies has assumed or incurred, or agreed to assume or incur, any commitment for any individual item of investment or capital expenditure:
  - (i) otherwise than in the ordinary and usual course of trading; or
  - (ii) involving an amount in excess of £100,000;
- (d) none of the Companies has repaid any sum in the nature of borrowings in advance of any due date or made any loan (except in the ordinary course of business and excluding in each case borrowings from or loans to another of the Companies) or agreed to do so; and
- (e) none of the Companies has borrowed or raised any money or taken any form of financial facility (whether pursuant to a factoring arrangement or otherwise) or incurred any other indebtedness except under the Facility Agreement, by way of trade credit in the ordinary course of business, from or to another of the Companies, under the Loan Notes or under the Bond.

## **9 Employees**

- 9.1 The Disclosure Letter contains copies of the following:
- (a) all directors' service agreements, terms of appointment or employment and service agreements, terms of appointment or employment for any other Employees earning a basic salary in excess of £90,000 per annum;
  - (b) examples of all pro-forma contracts of employment and statements of terms and conditions for all Employees;
  - (c) staff/employee handbook and any other benefits, procedures, schemes or policies relating to Employees; and
  - (d) all employee bonus schemes, profit share schemes, share schemes, share option schemes, commission schemes or arrangements, phantom share option schemes or stock appreciation rights and any other employee incentive scheme now in force, whether legally binding on any of the Companies or not.
- 9.2 The details contained in document 11.1 of the Disclosure Documents in relation to employees of the Companies are true and accurate in all material respects.
- 9.3 As at the date of this Agreement, there are no other individuals employed by any of the Companies and none of the Companies has made any offer of employment or engagement to any individual with a basic salary in excess of £90,000 per annum which has been accepted or which remains capable of acceptance.
- 9.4 All Employees and Workers are employed or engaged under/on terms not materially different from the terms and documents disclosed.
- 9.5 No Employee or Worker earning a basic salary in excess of £90,000 per annum has ceased to be an employee of or terminated his appointment with any of the Companies for any reason nor given notice terminating his contract of employment, service agreement or terms of engagement, nor has any of the Companies terminated or given notice of termination to any such Employee.
- 9.6 Except as set out in the Disclosure Letter, all contracts of service or for services with Employees and Workers can be terminated by three months' notice or less without giving rise to compensation (other than statutory compensation, if applicable).
- 9.7 None of the Companies has any obligation to make any payment on the redundancy of any Employee in excess of the statutory redundancy payment, and has not, in the two years preceding Completion, operated any discretionary practice of making any such excess payments to any of its employees. None of the Companies has any obligation to follow any additional contractual redundancy procedure.
- 9.8 The rate of remuneration and benefits provided to the Employees and Workers is the same as that in force at the last Accounts Date. There is no outstanding offer or commitment (whether legally binding or not), nor is there any planned in the next year, to review, alter and/or improve the terms and conditions, remuneration or benefits of any Employee or Worker, including, without limitation in relation to any bonus or incentive scheme.
- 9.9 During the period of six months prior to the date of this Agreement, no payment has been made by any of the Companies to any Employee or Worker or former Employee or Worker or to their dependants or relatives which is in excess of that person's entitlements under their terms of employment or appointment.
- 9.10 None of the Companies has any agreement or arrangement with, is party to any negotiations with or recognises a trade union, works council, staff association or other body representing any of its employees.
- 9.11 Summary particulars of the terms of engagement of all Workers are set out in the Disclosure Letter.

- 9.12 There is no:
- (a) outstanding or threatened claim by or on behalf of any person who is now or has been an employee of any of the Companies or was engaged by or supplied to any of the Companies as a Worker; or
  - (b) dispute with any of such persons and no compensation is due to any such persons under the Employment Rights Act 1996.
- 9.13 There are no current disciplinary procedures (including, without limitation, any grievance or disciplinary appeals), or litigation, relating to any Employee or Worker or former employee or Worker.
- 9.14 There are no terms of employment or engagement for any Employee or Worker, nor any agreement or arrangement between any of the Companies and any Employee or Worker, which provide that a change of control of the Company will entitle him to any payment or benefit (whether current or contingent), to treat himself as redundant or otherwise dismissed, or released from any obligation.
- 9.15 There is no person employed by any of the Companies at the date of this Agreement who does not have the right to work in the UK.
- 9.16 Full details of all Employees who are absent from work for any reason other than paid annual holiday and/or maternity or paternity leave and/or who are absent due to ill-health and have been for more than four weeks are set out in the Disclosure Letter (including details of any individual entitled to receive payment under any sickness or disability or permanent health insurance scheme).
- 9.17 The Companies have not entered into any material outsourcing agreements with any third party service provider upon the termination of which the Transfer of Undertakings (Protection of Employment) Regulations 2006 may apply.

## **10 Trading arrangements**

- 10.1 None of the Companies has any outstanding capital commitments which exceed £100,000.
- 10.2 None of the Companies is a party to any contract, arrangement or commitment which:
- (a) was entered into otherwise than on an arm's length basis or otherwise than in the ordinary course of business; or
  - (b) is incapable of termination in accordance with its terms by the Company or the relevant Subsidiary on 12 months' notice or less.
- 10.3 Full and complete copies of all Warranted Contracts are included in the Disclosure Documents.
- 10.4 None of the Companies has received written notice disputing the validity or enforceability of any Warranted Contract. None of the Companies is in material breach of any Key Contract and no other party to any Key Contract is in material breach of it.
- 10.5 No party to a Warranted Contract has:
- (a) given written notice that it intends to terminate such Warranted Contract; or
  - (b) terminated such Warranted Contract.
- 10.6 There is no subsisting breach of any Key Debt Purchase Agreement that has had a material adverse effect on the entitlement of any of the Companies to recover the receivables, taken as a whole, that are the subject of the debt portfolio acquired pursuant to that Key Debt Purchase Agreement.

- 10.7 None of the Companies trades under any name other than its corporate name (and any previous registered corporate names) and no action has been taken against any of the Companies under Chapter 3 or Chapter 4 of Part 5 Companies Act 2006 or section 28 Companies Act 1985 (where applicable).
- 10.8 None of the Companies has delegated any powers under a power of attorney which remains in effect and no person has authority (express, implied or ostensible) to enter into any contract or commitment or to do anything on behalf of any of the Companies (other than any ostensible or implied authorities to directors or Employees and Workers to enter into routine contracts in the normal course of their duties).
- 10.9 Apart from the Key Contracts, in the opinion of the Warrantor there are no other contracts relating to the Business:
- (c) the termination of which would or would be likely to result in a Material Adverse Effect; and
  - (d) which would not be readily capable of replacement without the incurrence by any of the Companies of material additional time, cost or expense.
- 10.10 All costs incurred by or for the benefit of any of the Companies have been fully charged to the Company or the relevant Subsidiary and not borne in whole or in part by any Seller or any Connected Person of any Seller.
- 10.11 None of the Companies is a party to or subject to any agreement, transaction, obligation, commitment, understanding, arrangement or liability (other than with or to another of the Companies) which:
- (a) is a Warranted Contract which the Warrantors believe cannot readily be fulfilled or performed by any of the Companies on time; or
  - (b) is dependent on the guarantee or covenant of or security provided by any Seller or any Connected Person of a Seller (other than, in the case of its assets, the title and supporting covenants given to the Company or the relevant Subsidiary on acquisition); or
  - (c) in any way restricts the Companies' freedom to carry on the whole or any part of their respective businesses in the United Kingdom or any other jurisdiction where the breach by any of the Companies of such restriction would or would be likely to cause the Company or the relevant Subsidiary to become liable for a claim in damages of £500,000 or more; or
  - (d) is a contract for the sale of shares or assets comprising a business undertaking, other than for the avoidance of doubt any Debt Purchase Agreement, under which any of the Companies still has a remaining liability or obligation.

## **11 Licences to operate**

- 11.1 All statutory, municipal, governmental, court and other requirements necessary for the purposes of the formation, continuance in existence, creation and issue of securities, management, property or operations of each of the Companies have been obtained and materially complied with at all times.
- 11.2 All Companies have at all times maintained and have now in place all licences, consents and other permissions and approvals required for the carrying on of the Business as at Completion and such licences are listed in the Disclosure Letter and are in full force and effect. All reports, returns and information required by law or as a condition of any licence, consent, permit or approval to be made or given to any person or authority in connection with the Business have been made or given to the appropriate person or authority and there is no circumstance which indicates that any such licence, consent, permission or approval is likely to or may be suspended, revoked or its renewal refused.

## **12 Compliance with Laws**

- 12.1 Each of the Companies has conducted its business in all material respects in accordance with all applicable Laws and administrative requirements in each jurisdiction where it has an establishment or conducts any business, including for the avoidance of doubt the Consumer Credit Act 1974, the Data Protection Act 1998, the Privacy and Electronic Communications Regulations (EC Directive) Regulations and all applicable employment Laws.
- 12.2 There have been disclosed to the Buyer copies of all material correspondence with any Authority relating to any of the Companies, including any correspondence concerning potential or actual breaches of applicable law or regulation, details of any formal or informal reviews, supervisory visits, enquiries, audits or actions, reports or inspections.
- 12.3 The customer complaints log contains details of all customer complaints (including of all outstanding customer complaints) that have been made against any of the Companies in connection with its business and are recordable in accordance with the FCA DISP rules during the last 2 years.
- 12.4 None of the Companies has at any time received any written notice alleging that:
- (e) it has committed and is liable for any criminal, illegal, unlawful, ultra vires or unauthorised act or breach of statutory duty; or
  - (f) it has violated, or defaulted with respect to, any Laws.
- 12.5 No officer or senior manager of any of the Companies has committed any crime (other than minor traffic offences).
- 12.6 None of the Companies has at any time received written notification that any investigation, inquiry or proceeding is being or has been conducted by any Authority in respect of the affairs of the Company.
- 12.7 The information and material disclosed by the Warrantors in respect of investigations by any Regulatory Authority into the activities of any of the Companies comprises all information and material they reasonably considered necessary to disclose about such investigations to the Regulatory Authority in respect of such investigations.
- 12.8 No requests have been received by any of the Companies from data subjects for access to their personal data nor have any claims or complaints been made or concerns raised by such persons in respect of such data under any data protection legislation and no notices have been served on any of the Companies by any data protection authority, including the Information Commissioner, and no fact or circumstance exists which might give rise to any such complaint, concern or notice.

## **13 Litigation**

- 13.1 None of the Companies nor any person for whose acts or defaults any of the Companies may be vicariously liable in respect of such proceeding is at present engaged or otherwise involved whether as claimant, defendant, CPR Part 20 claimant, CPR Part 20 defendant (third party claimant/defendant), or otherwise in any action or proceeding (whether civil or criminal), arbitration or mediation (whether formal or informal), investigation or inquiry of any government or regulatory body which is in progress, or is threatened, or is pending, other than any matter in which any of the Companies is a claimant in the collection of debts arising in the ordinary course of business.

- 13.2 None of the Companies has at any time received notice in writing of:
- (a) any actual, pending or threatened governmental (or quasi-governmental), regulatory (or quasi-regulatory) investigation or inquiry, whether formal or otherwise, in relation to any of the Companies or their respective businesses; or
  - (b) any claim in damages connected with any of the Companies (whether liquidated or unliquidated), or of an injunction or other order or an application for such an injunction or other order, either as a party or non-party to proceedings, arbitration, investigation, inquiry or other action, formal or otherwise, which is connected with any of the Companies.
- 13.3 No form of execution, or other form of enforcement process, ancillary to, or in connection with, any action, proceedings, arbitration, mediation, claim, injunction, order, application, investigation, inquiry or prosecution (wherever such matters may be sited in the world) has been made against any of the Companies or their respective assets, or are pending against any of the Companies or their respective assets and none of the Companies has received notice of the same.
- 13.4 There is no judgment, award, order, decree or decision of any Authority outstanding or pending against any of the Companies or their respective assets, nor against any person for whose acts any of the Companies is vicariously liable by reference to that judgment, award, order, decree or decision.

## **14 Insurance**

- 14.1 The Disclosure Documents set out a list of all material terms of each of the Policies.
- 14.2 All premiums which are due under the Policies have been paid in full.
- 14.3 The Company is not in receipt of any written notice that the Policies are not in full force and effect or void or voidable. There are no circumstances which might lead to any liability under any of the Policies being avoided by the insurers or the premiums being increased.
- 14.4 No claim has been made in the last 24 months and no claim is outstanding either by the insurer or the insured under any of the Policies.
- 14.5 None of the Companies has in the last 3 years been refused insurance in respect of any risk against which it is normal or prudent to insure.

## **15 Assets**

- 15.1 All the assets and property used or held by any of the Companies for the purposes of carrying on the Business are its absolute property, legally and beneficially owned by the Companies and in its possession and control and none is the subject of any Encumbrance (excepting any lien arising by operation of law in the ordinary course of trading) or, save as disclosed in the Disclosure Documents, the subject of any leasing, hire, hire-purchase, retention of title, conditional sale or credit sale agreement.
- 15.2 There are disclosed in the Disclosure Documents a copy of the terms upon which the Company or the relevant Subsidiary uses those assets and property (including but not limited to the Motor Vehicles) which are subject to leasing, hire, hire-purchase, conditional sale or credit sale agreement terms.
- 15.3 There are no leasing, hire, hire-purchase, conditional sale or credit sale agreements to which any of the Companies is party that cannot be terminated with immediate effect on the payment by the Company or the relevant Subsidiary of £5,000 or less to the counterparty.
- 15.4 None of the Companies has provided any of its assets or property to any third party on lease, hire, hire-purchase, conditional sale or credit sale agreement terms.



## **16 Intellectual Property and related warranties**

- 16.1 All Intellectual Property and ICT Infrastructure which is necessary for the purpose of carrying on the Business in all material respects as is currently carried on is (or, where appropriate in the case of pending applications, will be) owned by, or licensed to, the Company or a Subsidiary. None of such Intellectual Property or ICT Infrastructure is subject to any Encumbrance.
- 16.2 Details of all registered Intellectual Property in respect of which any of the Companies is the registered owner or applicant for registration and all material ICT Infrastructure which is used by the Business are set out in the Disclosure Documents.
- 16.3 None of the Companies has received written notice (that is still valid) that any of the Companies are in breach of any IP Agreement or ICT Agreement or that any other party to such agreements are in breach of any such IP Agreement or ICT Agreement.
- 16.4 So far as the Warrantor is aware, there have not been any disputes relating to or arising out of any of the IP Agreements or ICT Agreements.
- 16.5 So far as the Warrantor is aware, neither the Business IP nor the ICT Infrastructure (in particular the database of individuals' credit worthiness/risk):
- (a) infringe the database rights or copyright of; or
  - (b) breach the terms of the agreements with,
- any of the credit reference agencies or third party suppliers that any of the Companies have used to obtain data about, or concerning, individuals or classes of individuals who/which form the subject of the Companies' databases.
- 16.6 So far as the Warrantor is aware, no third party is infringing, in any material respect, any Intellectual Property owned by any of the Companies.
- 16.7 So far as the Warrantor is aware, none of the Companies has received written notice that it is infringing the Intellectual Property of any other person.
- 16.8 There has been no failure or breakdown in the last twelve months prior to the date of this Agreement of the ICT Infrastructure which has caused any material disruption to the Business.
- 16.9 All Business IP created for the Company has been created by an employee of the Companies acting within the course of his employment or a third party bound by an agreement vesting ownership in the Companies resulting in ownership of that Business IP vesting in the Company.
- 16.10 No Confidential Information 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).
- 16.11 Any software written, developed or customised specifically for (or in partnership, collaboration or co-operation with) any of the Companies and which is material to the Business is either owned by the Company or a Subsidiary or used by the Companies under a valid subsisting licence included in the Disclosure Documents.

## **17 The Properties**

- 17.1 The particulars of the Properties set out in Schedule 4 are true, accurate and correct. With the exception of the Properties, the Companies do not own, use or occupy any other land or buildings whether under a licence or otherwise nor do they have any liabilities (actual or contingent) arising in respect of any immovable property (other than the Properties).
- 17.2 The owner of each of the Properties is solely legally and beneficially entitled to each such Property.

- 17.3 Each of the Properties is held free from any right to acquire, option or right of pre-emption in favour of a third party.
- 17.4 None of the Properties or any part thereof is affected by any of the following matters:
- (a) any outstanding dispute, notice or complaint; or
  - (b) any outgoings except uniform business rates and water rates and rent and service and insurance charges under the leases or licences under which they are occupied.
- 17.5 All covenants, obligations (including statutory obligations), restrictions and conditions affecting the Property or the Company as lessee have been observed and performed in all material respects and all rents, licence fees and other outgoings (including rates) have been duly paid.
- 17.6 There is no rent review outstanding or exercisable by a landlord with effect from a date prior to the date of this Agreement.

**18 Health and safety**

None of the Companies has received notice of any actual, pending or threatened actions by regulatory authorities or third parties in respect of any alleged non-compliance with or liability under any Health and Safety Law.

**19 Taxation and tax returns**

Except where specified otherwise, the Tax Warranties in this paragraph 19 apply to each of the Subsidiaries as well as to the Company as well as to the Company as if references to the "Company" included a corresponding reference to the Subsidiaries (and each of them severally).

19.1 Accounts

All actual Taxation liabilities of the Company which are ascertainable in financial amount in respect of its income, profits or gains earned or received on or before the Locked Box Date are provided for or noted in the Locked Box Accounts.

19.2 Tax returns

The Company has within the required period duly and properly made, given or delivered to the appropriate Taxing Authority all information, returns, notices, accounts and computations which it was required to have made, given or delivered for the purposes of Taxation (including employment-related benefits) and all such information, returns, notices, accounts and computations supplied are complete and accurate in all material respects and have been made on a consistent basis.

19.3 Tax records

The Company has maintained all records as are required to be maintained by it for Taxation purposes.

19.4 Disputes

There is no dispute outstanding with any Taxing Authority and the Company has not in the previous three years been the subject of any review, audit or investigation (other than routine enquiries of a minor nature following the submission of computations and returns) by any Taxing Authority and there is no fact or circumstance which might give rise to any such dispute, question, review, audit or investigation.

19.5 Calculation of tax liabilities

The Company has sufficient records and information to enable it to determine its liability to Taxation.

- 19.6 Corporation Tax Instalment Payments
- (a) The Company is liable to pay corporation tax in quarterly instalments.
  - (b) The Disclosure Letter contains details of any arrangements entered into which affect the Company and which permit the payment of corporation tax on a group basis.
- 19.7 Dispensations and special arrangements
- The Disclosure Letter contains details of any dispensation or other special arrangement relating to Taxation which has been granted to the Company by any Taxing Authority or has been made between the Company and any Taxing Authority and which are currently in force or otherwise relied upon.
- 19.8 Tax clearances
- All Taxation clearances and consents obtained by the Company from any Taxing Authority were obtained after complete and accurate disclosure of all material facts and considerations.
- 19.9 Payments under deduction of Taxation
- The Company has deducted or withheld all Taxation required to be deducted or withheld from or made by the Company and the Company has duly and punctually complied with any obligation to account for any such Taxation deducted or withheld to the appropriate Taxing Authority.
- 19.10 Residence
- The Company:
- (a) is and always has been resident in the United Kingdom, and is not and never has been resident for any purpose in any other country;
  - (b) has no permanent establishment or place of business outside the United Kingdom; and
  - (c) is not within the charge to Taxation of any nation, country, state or other political division outside the United Kingdom.
- 19.11 Groups and consortia
- The Company is not, nor has it been during any accounting period ended within six years prior to the date of this Agreement, a member of a group of companies or a consortium for any Taxation purpose other than in a group consisting of the Companies.
- 19.12 VAT
- (a) The Company is registered for VAT.
  - (b) The Company has not at any time been treated as a member or a representative member of a group of companies for the purposes of VAT.
  - (c) Details of any items owned by the Company which are subject to the capital goods scheme are set out in the Disclosure Letter.
- 19.13 Stamp Duty, Stamp Duty Land Tax and Stamp Duty Reserve Tax
- All documents to which any of the Companies are a party or which form part of any of the Companies' title to any asset owned or possessed by it or which the relevant Company may need to enforce or produce in evidence in the courts of the United Kingdom have been duly stamped and (where appropriate) adjudicated.

## **20 Pensions**

- 20.1 Save for the GPP, there is not in operation as at the date of this Agreement, and there has not been in operation at any time prior to the date of this Agreement, and no proposal has been announced by any of the Companies to enter into or establish, any agreement, arrangement, custom or practice (whether or not legally enforceable) for the payment by any of the Companies of, or payment by any of the Companies of a contribution towards, a pension, allowance, lump sum or other similar benefit on retirement, death, termination of employment (whether voluntary or not) or during periods of sickness or disablement (whether during service or after retirement) for the benefit of a Pensionable Employee or a Pensionable Employee's dependants (including his or her spouse).
- 20.2 No amount due in respect of the GPP from the Company is unpaid and the Disclosure Letter contains a statement of the basis on which the Company has undertaken to contribute to the GPP.
- 20.3 No assurance, promise or guarantee (oral or written) has been made or given by any of the Companies to any individual of a particular level or amount of benefits to be provided for or in respect of him under the GPP on retirement, death or leaving employment.
- 20.4 None of the Companies is or has been associated or connected with an employer (as a result of any of the Warrantors also being a director of such an employer) of an occupational pension scheme which is not a money purchase scheme (as such terms are defined in the Pensions Schemes Act 1993 (as prospectively amended by section 29 of the Pensions Act 2011) but including any such schemes administered within the EEA).
- 20.5 None of the Companies nor any of the Warrantors is engaged or involved in any proceedings which relate to or are in connection with the GPP or the benefits under it and no such proceedings are pending or threatened and there are no facts likely to give rise to any such proceedings. In this paragraph 20.4 "proceedings" includes any litigation or arbitration and also includes any investigation or determination by the Pensions Ombudsman, The Pensions Advisory Service, the Pensions Regulator or the Financial Conduct Authority.
- 20.6 No Pensionable Employee has any right to any benefits arising as a result of a transfer of their employment to any of the Companies under either the Transfer of Undertakings (Protection of Employment) Regulations 1981 or the Transfer of Undertakings (Protection of Employment) Regulations 2006.

## **21 Bank accounts, borrowings and lendings**

- 21.1 Details of all bank accounts maintained by the Companies and the limits on the Companies' bank overdraft facilities are accurately set out in the Disclosure Documents and the total amount borrowed by the Companies from their bankers does not exceed their agreed overdraft facilities.
- 21.2 The total amount borrowed by each of the Companies does not exceed any limitation on its borrowing powers or the provision of guarantees contained in its articles of association, or in any debenture or other deed or document binding on it.
- 21.3 Full and accurate details of all indebtedness outstanding, available to or entered into by the Companies (including the Finance Arrangements but excluding loans between the Companies) are given in the Disclosure Letter, except in relation to miscellaneous items not having a value exceeding £250,000 in aggregate, and all such indebtedness, together with loans between the Companies, are permitted to subsist under the terms of the Finance Arrangements.
- 21.4 None of the Companies has received written notice that there has been an Event of Default under (and as defined in any document relating to) the Finance Arrangements and no event has occurred or circumstance arisen which is likely (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute an "Event of Default" under (and as defined in any documents relating to) the Finance Arrangements.

- 21.5 None of the transactions contemplated by this Agreement would (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute an “Event of Default” under (and as defined in any documents relating to) the Finance Arrangements.
- 21.6 None of the Companies has outstanding, nor has it agreed to create or issue, any loan capital, nor has it factored any of its debts, or engaged in financing of a type which would not require to be shown or reflected in the Accounts, or borrowed any money which it has not repaid, except for borrowings not exceeding the amounts shown in the Locked Box Accounts.
- 21.7 Other than in the ordinary course of business, none of the Companies has lent any money which has not been repaid, other than debts which have arisen in the ordinary course of business.
- 21.8 In relation to the Finance Arrangements:
- (a) there are included in the Disclosure Documents full and complete copies of all documents relating to the Finance Arrangements; and
  - (b) none of the Companies is in receipt of any written notice asserting its breach of any material term of the Finance Arrangements.
- 21.9 None of the Companies has, by reason of its default, become bound, and no person has become entitled (or with the giving of notice and/or the issue of a certificate will become entitled) to require it, to repay prior to its stipulated due date any loan capital or other debenture, redeemable preference share capital or borrowed money and no notice has been received by any of the Companies since the Accounts Date of such liability having arisen for any other reason.
- 21.10 None of the Companies has any liability or contingent liability under any guarantee, indemnity or other agreement to secure or incur a financial or other obligation relating to the failure of another person (other than another of the Companies) to perform its obligations.
- 21.11 No part of the borrowings, or indebtedness in the nature of borrowings, of any of the Companies is dependent on the guarantee or indemnity of, or security provided by, another person (other than another of the Companies). None of the Key Contracts is dependent on the guarantee or indemnity of, or security provided by, another person (other than another of the Companies).
- 21.12 No steps have been taken to enforce any Encumbrance or other security interests over any assets of any of the Companies or over any share capital of any of the Companies, none of the Companies has received notice that an event has occurred which has given rise to the right to enforce any such Encumbrance or other security interests and no such event has occurred which could reasonably be expected to result in the receipt by any of the Companies of such a notice, where:
- (a) such steps, enforcement or right could reasonably be expected to give rise to any default under the Facilities after Completion; or
  - (b) such steps, enforcement or right could reasonably be expected to have a material adverse effect upon the day-to-day operations of the Business.

## 22 **Grants and allowances**

None of the Companies has received any investment grant or any other grant or loan from any governmental department or agency or any local or other authority by virtue of any statute.

## **23 Insolvency**

23.1 None of the Companies has:

- (a) entered into any arrangement or composition for the benefit of its creditors or any of them nor has it (or its agent or nominee) convened a meeting of its creditors;
- (b) submitted to its creditors or any of them a proposal under Part I Insolvency Act 1986;
- (c) entered into any arrangement, scheme, compromise, moratorium or composition with any of its creditors (whether under Part I Insolvency Act 1986 or otherwise);
- (d) made an application to the Court under section 425 Companies Act 1985 or Part 26 Companies Act 2006 or resolved to make such an application;
- (e) presented a petition for winding up nor has a petition for winding up been presented against it which has not been withdrawn within 7 days, nor has a winding up order been made against it or a provisional liquidator appointed;
- (f) been the subject of a resolution for voluntary winding up (other than a voluntary winding up while solvent for the purposes of an amalgamation or reconstruction which has the prior written approval of the other party) nor has a meeting of its shareholders been called to consider a resolution for winding up;
- (g) had an administrative receiver or receiver appointed in respect of all or any of its assets or the assets of any guarantor; or
- (h) had a written demand for the payment of sums due served upon it in accordance with section 123(1)(a) Insolvency Act 1986 which has not been settled or disputed,

and no event analogous to any of the foregoing has occurred in relation to any of the Companies in or outside England.

23.2 None of the Companies is:

- (a) the subject of an interim order pursuant to Schedule A1 Insolvency Act 1986 nor has it made an application to Court for such an order;
- (b) the subject of an administration order, nor has a resolution been passed by the Directors or shareholders for the presentation of an application for such an order nor has an application for such an order been presented or come into force; or
- (c) subject to a resolution passed by the Directors or the shareholders for notice of intention to appoint an administrator or notice of appointment of an administrator to be filed with the Court, nor has a notice of intention to appoint an administrator or notice of appointment of an administrator been filed with the Court by the holder of a qualifying floating charge, by any of the Companies or its Directors.

23.3 None of the Companies has suffered any distress, attachment or execution to be levied on or in respect of any of its assets nor is it insolvent on a cashflow basis or unable to pay its debts as and when they fall due (as such expression is defined in either sub-section (1)(e) or sub-section (2) of section 123 Insolvency Act 1986) (omitting the words "proved to the satisfaction of the court").

## **24 Competition, anti-trust and cartels**

24.1 The Company is not a party to any agreement, arrangement, concerted practice or course of conduct which would amount to an infringement of any of the Chapter I or Chapter II prohibitions in the Competition Act 1998, section 188 of the Enterprise Act 2002, Article 101 or 102 of the Treaty on the Functioning of the European Union, or EC Regulation 139/2004.

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24.2 The Company has not received any process, notice or other communication by or on behalf of the OFT, the Department for Business, Innovation & Skills, the Competition Commission, the European Commission, the EFTA Surveillance Authority or the Serious Fraud Office.

SCHEDULE 6

**Buyer Warranties**

- 1 The Buyer is a company duly incorporated and validly existing under the laws of England and has the requisite power and authority to enter into and perform this Agreement and each of the other Transaction Documents.
- 2 This Agreement constitutes valid and legally binding obligations of the Buyer. Neither the entry into this Agreement nor the implementation of the transactions contemplated by it will result in:
  - (a) a breach of any provision of the memorandum and articles of association of the Buyer;
  - (b) a breach of, or give rise to a default under, any contract or other instrument to which the Buyer is a party or by which it is bound; or
  - (c) a breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or regulatory authority applicable to the Buyer or any of its assets.
- 3 No consent or approval of, authorisation or order of any court or any governmental, regulatory or other authority which has not been obtained or made at the date of this Agreement is required by the Buyer for the execution or implementation of this Agreement.
- 4 The Buyer is not aware at the date of this Agreement of any fact, matter or circumstance (other than any fact, matter or circumstance that has been fairly disclosed in accordance with clause 6.2(a)) which the Buyer is aware would entitle it to make a Claim following Completion. For the purposes of this paragraph, the Buyer shall be deemed to be aware of all facts, matters and circumstances within the knowledge of any of the Buyer Specified Individuals, in each case having read the specific disclosures set out in the Disclosure Letter and the documents referred to in these specific disclosures and made reasonable enquiry of each other Buyer Specified Individual.
- 5 The Buyer has not:
  - (a) entered into any arrangement or composition for the benefit of its creditors or any of them nor has it (or its agent or nominee) convened a meeting of its creditors;
  - (b) submitted to its creditors or any of them a proposal under Part I Insolvency Act 1986;
  - (c) entered into any arrangement, scheme, compromise, moratorium or composition with any of its creditors (whether under Part I Insolvency Act 1986 or otherwise);
  - (d) made an application to the Court under Part 26 Companies Act 2006 or resolved to make such an application;
  - (e) presented a petition for winding up nor has a petition for winding up been presented against it which has not been withdrawn within 14 days, nor has a winding up order been made against it or a provisional liquidator appointed;
  - (f) been the subject of a resolution for voluntary winding up (other than a voluntary winding up while solvent for the purposes of an amalgamation or reconstruction which has the prior written approval of the other party) nor has a meeting of its shareholders been called to consider a resolution for winding up;
  - (g) had an administrative receiver or receiver appointed in respect of all or any of its assets or the assets of any guarantor; or
  - (h) had a written demand for the payment of sums due served upon it in accordance with section 123(1)(a) Insolvency Act 1986 which has not been settled or disputed, and no event analogous to any of the foregoing has occurred in relation to the Buyer in or outside England.



- 6 The Buyer is not:
- (a) the subject of an interim order under Schedule 1B Insolvency Act 1986 nor has it made an application to Court for such an order;
  - (b) the subject of an administration order, nor has a resolution been passed by the Directors or shareholders for the presentation of a petition for such an order nor has a petition for such an order been presented or come into force; or
  - (c) subject to a resolution passed by the Directors or the shareholders for notice of appointment of an administrator to be filed with the Court, nor has a notice of appointment of an administrator been filed with the Court by the holder of a floating charge or by the Company or its Directors.
- 7 The Buyer has available cash, or available loan facilities on terms which involve no material preconditions (and where the Buyer has every expectation that the remaining preconditions will be satisfied) which will at Completion provide in immediately available funds the necessary cash resources to pay the purchase price referred to in clause 3 and meet its other obligations under this Agreement.
- 8 No member of the Wider Buyer's Group is:
- (a) subject to any order, decree or judgment of any court, governmental agency or regulatory authority which is still in force; nor
  - (b) a party to any litigation, arbitration or administrative proceedings which are in progress or threatened or pending by or against or concerning it or any of its assets; nor
  - (c) the subject of any governmental, regulatory or official investigation or enquiry which is in progress or threatened or pending,
- which in each case has or could have a material adverse effect on the Buyer's ability to execute, deliver and perform its obligations under this Agreement.

**Limitations on Liability****1 Scope**

- 1.1 The Warrantors shall only be liable in respect of a Claim if and to the extent that such Claim becomes a "Determined Claim" which shall mean a Claim:
- (a) which has been resolved by written agreement between the Warrantor(s) and the Buyer; or
  - (b) which is the subject of an order as to both liability and quantum made by a court or tribunal of competent jurisdiction or arbitration,
- provided that the foregoing shall not prevent the Buyer from proceeding with a Claim so as to determine whether any of the limitations set out in this Schedule 7 do not apply or are exceeded.
- 1.2 Any Claim must be made by the Buyer against all Warrantors in breach of the relevant Business Warranty pro-rated between such Warrantors in accordance with each such Warrantor's Relevant Proportions, and not against some of such Warrantors only.
- 1.3 The provisions of Schedule 9 shall apply in respect of any Determined Claim in respect of which a Rollover Warrantor is liable.
- 1.4 Except with the written consent of each of the Warrantors, the Buyer shall not, and shall procure that no member of the Wider Buyer's Group shall, enter into any transaction or arrangement with any of the Warrantors the purpose of which is to release, avoid or mitigate the liability of any of the Warrantors which does not apply in the same manner to all the Warrantors in their Relevant Proportions.
- 1.5 Nothing in this Schedule shall have the effect of excluding, limiting or restricting any liability of a Warrantor in respect of a Claim arising as a result of fraud by that Warrantor, but the fraud of that Warrantor shall not prevent any other Warrantor who was not a party to that fraud from benefiting from the provisions of this Schedule.

**2 Cap on liability**

- 2.1 The aggregate liability of each Warrantor in respect of all and any Claims shall not exceed the amount set opposite his or her name in column 7 of Part 1 of Schedule 1 of this Agreement.
- 2.2 The individual liability of a Warrantor in connection with any single Claim where that Warrantor is the only liable Warrantor shall be limited to the whole of the Claim, subject to that Warrantor's individual aggregate liability for all Claims not exceeding the amount set opposite his or her name in column 7 of Part 1 of Schedule 1.
- 2.3 The individual liability of a Warrantor in connection with any single Claim shall be limited to that Warrantor's proportion of such Claim pro-rated between all liable Warrantors in accordance with each such Warrantor's Relevant Proportion, in each case, subject to the limit on that Warrantor's individual aggregate liability for all Claims not exceeding the amount set opposite his or her name in column 7 of Part 1 of Schedule 1.
- 2.4 For the avoidance of doubt, in the event that an individual Warrantor does not satisfy a Claim (or his proportion of a Claim), including as a result of his individual cap on liability having been met made against him, the Buyer shall not be entitled to bring a Claim against any of the other Warrantors in respect of such non-satisfaction.
- 2.5 For the purposes of this paragraph 2, the liability of the Warrantors shall be deemed to include the amount of all costs, expenses and fees (together with any irrecoverable VAT) of the Buyer payable by the Warrantors in connection with the satisfaction, settlement or determination of any such Claim and any amount payable under clause 18.

### **3 Time limits for making Claims**

- 3.1 No Claim may be made against the Warrantors unless notice (complying with the provisions of paragraph 3.2 below) of such Claim is served on the Warrantors in writing as soon as practicable after the Buyer becomes aware of the circumstances giving rise to a Claim and, in any event within 12 months of Completion provided that, subject to paragraphs 4 (Right to remedy), 5 (Contingent liabilities) and 11 (Conduct of Claims), the liability of the Warrantors shall cease absolutely unless within six months of service of such notice legal proceedings in respect of such Claim have been properly issued and validly served on the Warrantors.
- 3.2 A notice of Claim shall specify in reasonable detail the specific matter in respect of which the Claim is made and, if practicable, a calculation of the amount claimed.

### **4 Right to remedy**

The Warrantors shall not be liable for any Claim if the alleged breach which is the subject of the Claim is capable of remedy, and is remedied to the reasonable satisfaction of the Buyer by the Warrantors within 45 days of the date on which the notice in paragraph 3.1 above is received by the Warrantors (and the Buyer agrees to use all reasonable endeavours to assist and to procure the assistance of the Company in remedying such breach at the reasonable cost of those Warrantors in breach of such Claim).

### **5 Contingent liabilities**

No Claim may be made against the Warrantors based upon a liability which is contingent unless and until such contingent liability becomes an actual liability or results in an actual loss.

### **6 Threshold and de minimis**

- 6.1 The Warrantors shall not be liable in respect of any Claim unless the aggregate liability for all Claims exceeds £2,950,000, in which case the Warrantors shall be liable for the whole of such amount and not just the excess over such amount.
- 6.2 In calculating liability for Claims for the purposes of paragraph 6.1 above, any Claim which is less than £75,000 shall be disregarded.
- 6.3 For the purposes of paragraph 6.2, where a Claim relates to more than one event, circumstance, act or omission which events, circumstances, acts or omissions would separately give rise to Claims but which are nonetheless connected as a series, such Claim shall not be treated as a separate Claim in respect of each such event, circumstance, act or omission.

### **7 Changes in legislation**

The Warrantors shall not be liable in respect of a Claim to the extent such Claim would not have arisen but for, or is increased directly or indirectly as a result of:

- (a) the passing of, or a change in, a law, rule, regulation, interpretation of the law or administrative practice of a government, governmental department, agency or regulatory body in any case occurring on or after the date of this Agreement;
- (b) an increase in the Taxation rates or an imposition of Taxation in each case not actually or prospectively in force at the date of this Agreement; or
- (c) the change by statute or by any regulatory or other body of any accounting policy or a change in the application of any accounting policy or estimation technique in the preparation of financial statements by the Buyer or any member of the Buyer's Group.

## **8 Acts of Buyer**

The Warrantors shall not be liable in respect of a Claim to the extent such Claim is attributable to, or is increased directly or indirectly as a result of:

- (a) any act, omission, transaction or arrangement carried out at the express request of or with the written approval of the Buyer before or at Completion;
- (b) any act, omission, transaction or arrangement outside the ordinary course of business carried out by or on behalf of the Buyer or on behalf of a member of the Wider Buyer's Group or by or on behalf of persons deriving title from the Buyer or a member of the Wider Buyer's Group on or after Completion where the Buyer knew, or ought reasonably to have known, that such act, omission, transaction or arrangement could result in a Claim or increase the amount of a Claim, in each case otherwise than where the act, omission, transaction or arrangement is carried out pursuant to any binding legal commitment entered into by any of the Companies prior to Completion or is required by any Law as in force as at Completion;
- (c) any breach by the Buyer of any of its obligations under this Agreement or any of the other Transaction Documents; or
- (d) any reorganisation or change in ownership of any member of the Wider Buyer's Group on or after Completion.

## **9 Mitigation**

The Buyer shall, and shall procure that each other member of the Wider Buyer's Group shall, take reasonable steps to avoid or mitigate, and shall not, and shall procure that each other member of the Wider Buyer's Group shall not, take any unreasonable steps to increase, any loss or liability (without prejudice to any similar obligation existing at law generally or any other specific term of this Agreement) which might give rise to any Claim.

## **10 Recovery from another person**

- 10.1 If the Buyer, or any member of the Buyer's Group, recovers (whether by payment, discount, credit, relief or otherwise) from a third party (including any insurer under an insurance policy) an amount which relates to a Claim, any actual recovery (less any reasonable costs incurred in obtaining such recovery and less any Taxation attributable to the recovery after taking account of any Sellers' Relief available in respect of any matter giving rise to the Claim) shall to that extent reduce or satisfy, as the case may be, such Claim.
- 10.2 If one or more of the Warrantors pays an amount in respect of a Claim and the Buyer, or any member of the Buyer's Group, subsequently recovers (whether by payment, discount, credit, relief or otherwise) from a third party (including any insurer under an insurance policy) an amount which relates to the Claim, the Buyer shall procure that the relevant member of the Wider Buyer's Group shall pay to the relevant Warrantors an amount equal to the lesser of the amount recovered from the third party less any reasonable costs and expenses incurred in obtaining such recovery and the amount previously paid by the Warrantors to the Buyer (such payment to be divided between the Warrantors in proportion to the amounts previously paid by them).

## **11 Conduct of Claims**

- 11.1 If a member of the Wider Buyer's Group becomes aware of any matter or circumstance which gives rise to or is reasonably likely to give rise to any claim, action or demand from a third party which results in or is reasonably likely to result in a Claim (a "Third Party Claim"):
  - (a) the Buyer shall as soon as reasonably practicable give written notice to and, to the extent practicable, consult with the Warrantors in respect of the matter, circumstance, claim, action or demand stating on a without prejudice basis its nature in reasonable detail, (if practicable) the amount claimed, and the provisions of this Agreement which are alleged to have been or which may have been breached, and procure that the Warrantors and their advisers are given all reasonable facilities to investigate it;

- (b) subject to the Buyer and/or the relevant member of the Wider Buyer's Group being indemnified on demand for all liabilities, costs, damages and expenses which may be thereby incurred, the Buyer shall not, and shall procure that each member of the Wider Buyer's Group shall not, admit liability in respect of the Third Party Claim, nor compromise, nor settle any proceedings in respect of the Third Party Claim, without the written consent of the Warrantors (such consent not to be unreasonably withheld or delayed);
- (c) the Buyer shall, and shall procure that each member of the Wider Buyer's Group shall, keep the Warrantors fully informed of the progress of the Third Party Claim and, to the extent practicable, consult with the Warrantors with respect to the handling of the Third Party Claim;
- (d) the Buyer shall, and shall procure that each member of the Wider Buyer's Group shall, subject to the Buyer and/or the relevant member of the Wider Buyer's Group being indemnified on demand for all liabilities, costs and expenses:
  - (i) at the written request of the Warrantors, take such action as the Warrantors reasonably request to avoid, dispute, resist, appeal, defend, compromise or settle the Third Party Claim (including, without limitation, making any counterclaims or other claims against third parties);
  - (ii) provide to the Warrantors and their advisers on reasonable prior notice reasonable access to premises and personnel and to relevant assets, documents and records within each member of the Buyer's Group's power or control for the purposes of investigating the matter or entitlement which allegedly gives rise to the Third Party Claim, except where to do so would breach or endanger any member of the Buyer's Group's legal privilege in any such documents or records or any obligations of confidentiality owed to a third party; and
  - (iii) permit the Warrantors to examine and take copies of the documents or records, and photograph the premises or assets, referred to in paragraph 11.1(d)(ii) above; and
- (e) the Warrantors shall not be required to make any payment in respect of any Claim until the Third Party Claim has been satisfied, settled, determined or withdrawn.

11.2 If, in respect of any Claim or potential Claim, a member of the Wider Buyer's Group has any right of action, indemnity, contribution or entitlement to recover (whether by payment, discount, credit, relief or otherwise) from or against any third party (including any insurer under an insurance policy) (a "Right of Recovery"), then the Buyer shall and shall procure that each member of the Wider Buyer's Group shall:

- (a) take all reasonable steps to enforce the Right of Recovery;
- (b) make no compromise, disposition or settlement of the Right of Recovery (and make no admission of liability in respect of any related counterclaim) without the written consent of the Warrantors (such consent not to be unreasonably withheld or delayed); and
- (c) subject to the Buyer and/or the relevant member of the Wider Buyer's Group being indemnified on demand for all reasonable costs and expenses:

- (i) at the written request of the Warrantors take such action as the Warrantors reasonably request to pursue, appeal, compromise or settle the Right of Recovery (including, without limitation, defending any counterclaims or other claims by third parties) and any related adjudication or proceedings, and to conduct related matters including negotiations or appeals; and
- (ii) comply with the provisions of paragraphs 11.1(d)(ii), 11.1(d)(iii) and 11.1(e) as the Warrantors deem necessary as if the words “Right of Recovery” were substituted for “Third Party Claim”.

11.3 The Buyer shall, and shall procure that each member of the Wider Buyer’s Group shall, use its reasonable endeavours to preserve all documents, records, correspondence, accounts, electronically stored data and other information relevant to a matter which may give rise to a Claim, a Third Party Claim or a Right of Recovery.

## 12 Insurance policies

In respect of any matter which would give rise to a Claim, if the Company and/or its Subsidiaries is entitled to claim under any policy of insurance, the relevant member of the Wider Buyer’s Group shall take all reasonable steps to bring a claim against its insurers and use all reasonable endeavours to pursue such claim, and any such insurance claim shall be dealt with in accordance with paragraphs 10.1 and 10.2.

## 13 Provision or reserve in the Locked Box Accounts

No matter shall be subject to a Claim to the extent that specific provision or reserve in respect of such matter shall have been made in the Locked Box Accounts.

## 14 Taxation

14.1 No Claim may be made against the Warrantors:

- (a) to the extent that the Claim is in respect of Taxation and comprises Taxation payable on income, profits or gains earned, accrued or received in the ordinary course of business of the Company and any of the Subsidiaries since the Locked Box Date; or
- (b) to the extent that the Claim is in respect of Taxation and such Taxation arises from a transaction in the ordinary course of business of the Company and any of the Subsidiaries since the Locked Box Date; or
- (c) to the extent that the Claim is in respect of Taxation and such Taxation arises in respect of any income, profits or gains actually earned, accrued or received by the Company since the Locked Box Date; or
- (d) to the extent that the Claim is in respect of Taxation and such Taxation would not have arisen but for, or has been increased directly or indirectly as a result of:
  - (i) a disclaimer, claim or election made or notice or consent given after Completion by a member of the Wider Buyer’s Group otherwise than at the request of the Warrantors; or
  - (ii) a failure or omission by the Company or any of its Subsidiaries to make any claim, election, surrender or disclaimer or give any notice or consent or do any other thing after Completion the making or giving or doing of which was taken into account or assumed in computing the provision for Taxation (including the provision for deferred Taxation) in the Accounts; or

- (e) to the extent that the Claim is in respect of Taxation and such Taxation arises from any change in the accounting or Taxation policy or estimation technique of or affecting a member of the Wider Buyer's Group including the method of submission of Taxation returns or any change in the date to which any accounts are prepared, introduced or having effect on or after Completion; or
- (f) to the extent that the Claim is in respect of Taxation and such Taxation arises from any increase of rates of Taxation or imposition of new Taxation legislation or any change in applicable law or practice made or coming into effect after the date hereof or the withdrawal of any extra statutory concession currently granted by any Taxing Authority; or
- (g) to the extent that the Buyer or any member of the Wider Buyer's Group has a right of recovery in respect of such Taxation from a person or persons other than the Warrantors; or
- (h) to the extent that the Claim is in respect of Taxation and such Taxation could be relieved or mitigated by any loss, relief, allowance, exemption, set off or credit in computing or against income, profits, gains or Taxation; or
- (i) to the extent that the Claim is in respect of Taxation and such Taxation was discharged (whether by payment or by the utilisation of any relief, allowance or credit in respect of Taxation) prior to Completion; or
- (j) to the extent that the Claim is in respect of Taxation and such Taxation is on or in respect of prepayments received in the ordinary course of business of the Company and any of the Subsidiaries since the Locked Box Date; or
- (k) to the extent that the Claim is in respect of VAT which has been charged and a tax invoice issued but which has not yet been accounted for to HM Revenue & Customs; or
- (l) to the extent that the Claim is in respect of Taxation and such Taxation arises under Regulations 107 to 110 of Part XV of the Value Added Tax Regulations 1995 in respect of a period ending or transaction occurring after Completion; or
- (m) to the extent that the Claim is in respect of Taxation and such Taxation arises or is increased as a result of any instalments or corporation tax paid before Completion being too small due to an act, omission, transaction or arrangement after Completion; or
- (n) to the extent that the Claim arises as a result of unutilised reliefs, allowances or credits (if any) of the Company or any Subsidiaries as at or arising before Completion proving to be unavailable or otherwise incapable of being utilised in reducing the income, profits or gains of the relevant Company or any Subsidiaries earned, accrued or received on or after Completion or the Taxation liabilities of the relevant Company or any Subsidiaries in respect of any period after Completion as a result of a major change in the nature or conduct of the business occurring in the three years prior to Completion.

14.2 In calculating the liability of the Warrantors for any Claim, there shall be taken into account the amount by which any Taxation for which the Buyer or any member of the Wider Buyer's Group is now or may in the future be accountable or liable to be assessed is reduced or extinguished as a result of the matter giving rise to such liability and any repayment of Taxation which would not have arisen but for the matter giving rise to such liability.

## 15 No double recovery

The Buyer shall not be entitled to recover from the Warrantors more than once for the same damage suffered.

**16 Net benefit**

- 16.1 The Warrantors shall not be liable for any Claim to the extent that the subject of the Claim has been or is made good or is otherwise compensated for without cost or loss to the Wider Buyer's Group or to the Company or any Subsidiaries.
- 16.2 The Warrantors shall not be liable in respect of any Claim for any losses suffered by the Buyer, or any member of the Buyer's Group, to the extent that there are any corresponding savings by or net benefit to the Buyer or any member of the Buyer's Group.

**17 Transferability of rights**

This Agreement shall be actionable only by the Buyer and/or any person to whom it assigns any of its rights under this Agreement in accordance with clause 16 and no other party shall be entitled to make any Claim or take any action whatsoever against the Warrantors under or arising out of or in connection with this Agreement.

**18 Employees, Taxation, Pensions, Property and Intellectual Property**

Except in respect of the Warranties contained in paragraphs 5 (Effects of transaction), 6 (Accounts), 7 (Events since the Accounts Date), 8 (Events since the Locked Box Date) and 12.1 (Compliance with Laws) of Schedule 5 (the "Non Ring Fenced Warranties"), the only warranties given:

- (a) in respect of employment matters are those contained in paragraph 9 of Schedule 5; or
- (b) in respect of pensions matters are those contained in paragraph 20 of Schedule 5; or
- (c) in respect of Intellectual Property matters are those contained in paragraph 16 of Schedule 5; or
- (d) in respect of real estate matters are those contained in paragraph 17 of Schedule 5; or
- (e) in respect of Taxation are the Warranties contained in paragraph 2 of Schedule 5 and the Tax Warranties,

and none of the other Warranties shall or shall be deemed to be, whether directly or indirectly, a warranty in respect of the matters specified in this paragraph 18 (other than the Non Ring Fenced Warranties) and the Buyer acknowledges and agrees that none of the Warrantors makes any other warranty in relation to the matters specified in this paragraph 18 (other than the Non Ring Fenced Warranties).

**19 Subsequent disposal**

The Warrantors shall not be liable to satisfy any Claim notice of which is served on the Warrantors after the Company ceases to be a member of the Wider Buyer's Group as at today's date.



SCHEDULE 8  
**Permitted Leakage**

“Permitted Leakage” means:

- 1 Payments of Monitoring Fees not exceeding a maximum aggregate amount of £48,000 including VAT;
- 2 All payments in the ordinary course of trading of the Companies to any Connected Fund of any Duke Street Seller;
- 3 Any Leakage to the extent specifically accrued for or specifically provided for in the Locked Box Accounts;
- 4 All payments of salaries, wages, expenses, directors’ fees, consultancy fees to personal service companies of directors, awards and allocations of, and accruals of entitlements to, bonuses, other discretionary amounts and benefits-in-kind (including all employer’s National Insurance Contributions thereon), provided that any such payments, awards, allocations and accruals are in accordance with the Company’s arrangements in relation to the relevant Seller or Connected Person of a Seller on the date of this Agreement as referred to in the Disclosure Letter (including without limitation, Documents 11.5.11, 11.10 and 11.11 of the Disclosure Documents and the letter appointing Martin Dunphy as the non-executive deputy chairman of the Company) and, in the case of any undocumented arrangements with the Company as referred to in the Disclosure Letter, do not exceed:
  - (a) in the case of Parchester Limited, such amount as pro-rated between the period from the Locked Box Date to Completion, based on a consultancy fee of £25,000 plus VAT per annum; and
  - (b) in the case of JB Sinclair Limited, £9,600 including VAT;
- 5 All payments to George Watt in respect of any claim by him in connection with the termination of his employment arrangements with Marlin Financial Services Limited, and all payments in respect of the transfer of shares in the capital of the Company held by George Watt as at the Locked Box Date to an employee benefit trust, including the payment of, or accrual in respect of, all financial and legal advisory costs thereof;
- 6 The waiver by the Company of all rights, remedies and claims and irrevocable and unconditional release and discharge of all obligations of:
  - (a) Sirgan Financial and Business Solutions Limited in respect of a Consultancy Agreement between Marlin Financial Services Limited and Peter Richardson dated on or about the date of this Agreement;
  - (b) Bluemont Capital Limited in respect of a Consultancy Agreement relating to Marlin Financial Intermediate Limited dated on or about June 2013;
  - (c) JB Sinclair in respect of an oral consultancy arrangement with the Company;
  - (d) Parchester Limited in respect of an oral consultancy arrangement with the Company,by respective deeds of termination of consultancy arrangement dated on or about the date of this Agreement;
- 7 The waiver by the Company and Marlin Financial Intermediate Limited of any rights, remedies and claims, and the irrevocable and unconditional release and discharge of each Seller who is a party to the Investment Agreement of the Company dated 1 April 2010 from all obligations, liabilities, actions, claims and demands, in each case under or pursuant to clause 13 (Restrictive Covenants) of such Investment Agreement, pursuant to a waiver letter dated on or about the date of this Agreement;

- 8 Payment of any break fee payable to Willis Limited pursuant to terms of engagement dated 10 January 2014;
- 9 Any amounts in respect of payments to be made or liabilities otherwise incurred to the extent that any such payment, accrual or liability has been or will be reimbursed to any of the Companies by a Seller prior to or at Completion;
- 10 Except for Permitted Leakage that is otherwise captured in this Schedule 8, payment of a transaction bonus to Nick Teunon in connection with the sale of the Shares and Loan Notes in the amount of:
  - (a) £132,000 plus employer's National Insurance Contribution if Completion occurs before 12 February 2014; or
  - (b) £165,000 plus employer's National Insurance Contribution if Completion occurs on or after 12 February 2014;
- 11 Payment of:
  - (a) all legal, financial and commercial advisory and data room costs in connection with the sale of the Shares and Loan Notes, as provided for in Items C and F of the Locked Box Schedule; and
  - (b) all legal and liquidation fees, costs and expenses in connection with the dissolution of the Excluded Companies, as referred to in clause 11, provided that such payments and amounts to advisers and liquidators do not exceed £1,495,000 (including VAT) in aggregate;
- 12 The issue on or about 28 November 2013 of further loan notes pursuant to the Duke Street Debt Purchase PIK Instrument and the Duke Street Investor Loan Note Instrument;
- 13 All payments or accruals of any interest accruing on or other charges or expenses in connection with the Loan Notes in accordance with their terms not exceeding £4,300,000;
- 14 To the extent not otherwise addressed in this Schedule 8, any Leakage that has been specifically provided for or is specifically permitted in Items C or F of the Locked Box Schedule;
- 15 Any other incidence of Leakage to the extent specifically approved by the Buyer in writing; and
- 16 All Taxation (other than recoverable VAT) arising on any item listed in paragraphs 1 to 15 above.

SCHEDULE 9

**Satisfaction of Claims**

1 In this Schedule 9, the words and expressions set out below shall have the following meanings:

Agreed Valuation Basis	the value of any relevant Buyer's Group Securities (including, for the avoidance of doubt, Buyer Topco B PECs or Buyer Topco B Shares) shall be their open market value, as at the date specified in the relevant provision of this Agreement, assuming a sale for cash on that date of full legal and beneficial ownership of all of the issued Buyer's Group Securities of Buyer Topco by their holders or owners on a willing basis to a willing purchaser by way of bargain at arm's length and (if applicable) applying the Ratchet Provisions accordingly and attributing to those Buyer's Group Securities their pro rata proportion of the aggregate value so determined without any addition or subtraction of any premium or discount in relation to the size of the holding of Buyer's Group Securities concerned
Buyer Topco B PECs	"B PECs" as defined in the Buyer Topco Investment Agreement
Buyer Topco B Shares	"B Shares" as defined in the Buyer Topco Investment Agreement
Investor Consent	has the meaning given in the Buyer Topco Investment Agreement
Ratchet Provisions	has the meaning given in the Buyer Topco Investment Agreement
Related Party	has the meaning given in the Buyer Topco Investment Agreement
Set Off Notice	a notice given by a Rollover Warrantor to the Buyer in accordance with paragraph 3 or a notice given by the Buyer to a Rollover Warrantor in accordance with paragraph 4, as the context requires
Set Off Securities	has the meaning given in paragraph 5
Settled Sum	has the meaning given in paragraph 2
Valuer	an experienced independent valuer nominated by the President from time to time of the Institute of Chartered Accountants in England and Wales

2 Subject to paragraph 3, and without prejudice to any other remedy available to the Buyer under this Agreement, any amount due to the Buyer from any Rollover Warrantor upon a Claim becoming a Determined Claim (a "Settled Sum") shall be satisfied by way of:

2.1 a cash payment from that Rollover Warrantor; and/or

2.2 in accordance with the remaining provisions of this Schedule 9.

3 Upon giving written notice to the Buyer of his intention to do so, a Rollover Warrantor may satisfy any amount of a Settled Sum by transferring to the Buyer, and/or procuring the transfer to the Buyer by any of his Related Parties of, Buyer Topco B Shares

and Buyer Topco B PECs (in the same proportions in which they are held by the Rollover Warrantor) in accordance with paragraph 7. The amount of any Settled Sum satisfied by any transfer of Buyer Topco B Shares and Buyer Topco B PECs in accordance with this paragraph 3 and paragraph 7 shall be equal to the aggregate Set Off Value of the Buyer Topco B Shares and Buyer Topco B PECs so transferred.

- 4 If a Rollover Warrantor has failed to satisfy (in whole or in part) a Settled Sum either:
  - 4.1 by payment in cash to the Buyer; and/or
  - 4.2 by transferring to the Buyer, or procuring the transfer to the Buyer of, Buyer Topco B Shares and Buyer Topco B PECs in accordance with paragraph 3, in each case within 90 days of the relevant Claim becoming a Determined Claim, the Buyer may by written notice to the Rollover Warrantor require that the Rollover Warrantor settles such Settled Sum by the transfer to the Buyer in accordance with paragraph 7 of such number of Buyer's Group Securities held by the Rollover Warrantor (or any of his Related Parties) (in such proportions as the Buyer shall determine, provided that any transfer of Buyer Topco B Shares and Buyer Topco B PECs shall be in the same proportions in which they are held by the Rollover Warrantor) as has an aggregate Set Off Value equal to the outstanding amount of the Settled Sum.
- 5 For the purposes of paragraphs 3 and 4, the "Set Off Value" of any Buyer Topco B Shares and Buyer Topco B PECs (in the case of paragraph 3) or Buyer's Group Securities (in the case of paragraph 4) (in each case, "Set Off Securities") shall be:
  - 5.1 their value agreed in writing between the Buyer (with Investor Consent) and the Rollover Warrantor; or
  - 5.2 if no value can be so agreed within 10 Business Days of the Buyer or the Rollover Warrantor (as applicable) receiving the Set Off Notice, the amount determined by a Valuer, on the application of the Buyer, to be the price which in the opinion of the Valuer is the value on the Agreed Valuation Basis of the relevant Set Off Securities of the Rollover Warrantor as at the date of his determination.
- 6 The following provisions shall apply in relation to the appointment of the Valuer under paragraph 5.2:
  - 6.1 the Valuer shall be appointed jointly by the Buyer and the Rollover Warrantor, provided that if the Rollover Warrantor has failed to execute, within two Business Days of being requested in writing by the Buyer to do so, an engagement letter with the Valuer on reasonable terms that are acceptable to the Buyer, the Buyer may appoint the Valuer;
  - 6.2 the Valuer shall act as expert not arbitrator and his engagement and duties shall be governed by English law;
  - 6.3 the fees of the Valuer shall be paid as the Valuer shall determine or, if the Valuer makes no such determination, by the Buyer and the Rollover Warrantor equally, provided that if the Valuer determines that the Set Off Value is more than 10% below the highest Set Off Value offered or proposed in writing to the Rollover Warrantor by the Buyer prior to the appointment of the Valuer, the fees of the Valuer shall be paid by the Rollover Warrantor;
  - 6.4 the Company shall procure that the Valuer is given all such assistance and access to all such information in its possession or control as the Valuer may reasonably require in order to determine the Set Off Value; and
  - 6.5 the determination of the Set Off Value by the Valuer shall, in the absence of fraud or manifest error, be final and binding on the Buyer and the Rollover Warrantor and shall be addressed to each of them (on a reliance basis) in writing.

7 Any transfer of Set Off Securities referred to in paragraph 3 or 4 shall occur within 10 Business Days of the Set Off Value being agreed or determined in accordance with paragraph 5 and such Set Off Securities shall be transferred with full title guarantee free from all encumbrances and the Rollover Warrantor shall execute all such documentation as the Buyer may reasonably require in relation to the same.

SCHEDULE 10  
**Locked Box Schedule**

SIGNATURES

Executed as a deed by DUKE STREET VI NO. 1 LIMITED  
PARTNERSHIP acting by DUKE STREET GENERAL  
PARTNER LIMITED, its general partner, acting by:

\_\_\_\_\_

/s/ Miles Cresswell-Turner

Miles Cresswell-Turner

in the presence of:

\_\_\_\_\_

/s/ Adam Runcorn

Adam Runcorn

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation

\_\_\_\_\_

Executed as a deed by DUKE STREET VI NO. 2 LIMITED  
PARTNERSHIP acting by DUKE STREET GENERAL  
PARTNER, its general partner, acting by:

\_\_\_\_\_  
/s/ Miles Cresswell-Turner

\_\_\_\_\_  
Miles Cresswell-Turner

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn

\_\_\_\_\_  
Adam Runcorn

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Occupation



Executed as a deed by DUKE STREET VI NO. 3 LIMITED  
PARTNERSHIP acting by DUKE STREET GENERAL  
PARTNER, its general partner, acting by:

\_\_\_\_\_  
/s/ Miles Cresswell-Turner

\_\_\_\_\_  
Miles Cresswell-Turner

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn

\_\_\_\_\_  
Adam Runcorn

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation

\_\_\_\_\_

Executed as a deed by DUKE STREET VI NO. 4 LIMITED  
PARTNERSHIP acting by DUKE STREET GENERAL  
PARTNER LIMITED, its general partner, acting by:

\_\_\_\_\_  
/s/ Miles Cresswell-Turner

\_\_\_\_\_  
Miles Cresswell-Turner

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn

\_\_\_\_\_  
Adam Runcorn

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation

\_\_\_\_\_

Executed as a deed by DUKE STREET CAPITAL VI FUND  
INVESTMENT LIMITED PARTNERSHIP acting by DUKE  
STREET GENERAL PARTNER LIMITED, its manager,  
acting by:

\_\_\_\_\_  
/s/ Miles Cresswell-Turner  
Miles Cresswell-Turner

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn  
Adam Runcorn

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Occupation

\_\_\_\_\_

Executed as a deed by PARALLEL PRIVATE EQUITY  
DUKE STREET LIMITED PARTNERSHIP acting by DUKE  
STREET GENERAL PARTNER LIMITED, its general  
partner, acting by:

\_\_\_\_\_  
/s/ Miles Cresswell-Turner  
Miles Cresswell-Turner

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn  
Adam Runcorn

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Occupation

\_\_\_\_\_

Executed as a deed by FINANCIÈRE DCS VI acting by  
DUKE STREET VI GESTION SARL, its manager, acting by:

\_\_\_\_\_  
/s/ Thierry Paternot

\_\_\_\_\_  
Thierry Paternot

in the presence of:

\_\_\_\_\_  
/s/ Dominique Paternot

\_\_\_\_\_  
Dominique Paternot

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Occupation

Signed as a deed by:

/s/ CHRIS AEDELBACH  
CHRIS AEDELBACH

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn  
Adam Runcorn

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Occupation

\_\_\_\_\_

Signed as a deed by:

/s/ EMILY ADELSBACH  
EMILY ADELSBACH

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn  
Adam Runcorn

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Occupation

Executed as a deed by ASCOT MANAGEMENT GROUP  
LIMITED acting by:

\_\_\_\_\_

/s/ Oliver Donagher

\_\_\_\_\_  
Oliver Donagher

Director

in the presence of:

\_\_\_\_\_

/s/ Martin Bowen

\_\_\_\_\_  
Martin Bowen

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation

\_\_\_\_\_



Signed as a deed by:

/s/ JOHN DE BLOCQ VAN KUFFELER  
JOHN DE BLOCQ VAN KUFFELER

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn  
Adam Runcorn

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Occupation

\_\_\_\_\_

Signed as a deed by:

/s/ MARTIN DUNPHY

MARTIN DUNPHY

in the presence of:

/s/ [Illegible]

[Illegible]

Address

Occupation

Signed as a deed by:

/s/ RICHARD HUNTON

RICHARD HUNTON

in the presence of:

/s/ Adam Runcorn

Adam Runcorn

Address

Occupation

Signed as a deed by:

/s/ TARIQ KHAN

TARIQ KHAN

in the presence of:

/s/ Adam Runcorn

Adam Runcorn

Address

Occupation

Signed as a deed by:

/s/ IVAN LAWRENCE

IVAN LAWRENCE

in the presence of:

/s/ Adam Runcorn

Adam Runcorn

Address

Occupation

Signed as a deed by:

/s/ DAVID PAGE

DAVID PAGE

in the presence of:

/s/ Adam Runcorn

Adam Runcorn

Address

Occupation

Signed as a deed by:

/s/ PETER RICHARDSON

PETER RICHARDSON

in the presence of:

/s/ Adam Runcorn

Adam Runcorn

Address

Occupation

Signed as a deed by:

/s/ JAN LEE ROSENBERG

JAN LEE ROSENBERG

in the presence of:

\_\_\_\_\_

/s/ Adam Runcorn

Adam Runcorn

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation

\_\_\_\_\_



Signed as a deed by:

/s/ JOHN BARCLAY SINCLAIR  
JOHN BARCLAY SINCLAIR

in the presence of:

\_\_\_\_\_  
/s/ Adam Runcorn  
Adam Runcorn

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Occupation

Signed as a deed by:

/s/ KENNETH JOHN STANNARD

KENNETH JOHN STANNARD

in the presence of:

\_\_\_\_\_

/s/ Adam Runcorn

Adam Runcorn

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation

\_\_\_\_\_

Executed as a deed by MARLIN FINANCIAL GROUP  
LIMITED EMPLOYEE BENEFIT TRUST acting by CAREY  
PENSIONS AND BENEFITS LIMITED, its trustee, acting by:

\_\_\_\_\_  
/s/ Tim Bush

\_\_\_\_\_  
Tim Bush

in the presence of:

\_\_\_\_\_  
/s/ [Illegible]

\_\_\_\_\_  
[Illegible]

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation

\_\_\_\_\_

Executed as a deed by CABOT FINANCIAL HOLDINGS  
GROUP LIMITED, acting by:

\_\_\_\_\_

/s/ [Illegible]  
\_\_\_\_\_

in the presence of:

\_\_\_\_\_

/s/ Christopher Daniel  
\_\_\_\_\_

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation

\_\_\_\_\_

DATED 8 FEBRUARY 2014  
CABOT FINANCIAL HOLDINGS GROUP LIMITED

ARRANGED BY

J.P. MORGAN LIMITED  
DEUTSCHE BANK AG, LONDON BRANCH  
LLOYDS BANK PLC  
THE ROYAL BANK OF SCOTLAND PLC  
AND  
UBS LIMITED  
AS MANDATED LEAD ARRANGERS

WITH

J.P. MORGAN EUROPE LIMITED  
ACTING AS AGENT

AND

J.P. MORGAN EUROPE LIMITED  
ACTING AS SECURITY AGENT

---

SENIOR SECURED BRIDGE FACILITIES  
AGREEMENT

---

White & Case LLP  
5 Old Broad Street  
London EC2N 1DW

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**THIS AGREEMENT** is dated 8 February 2014 and made between:

- (1) **CABOT FINANCIAL LIMITED**, a private limited liability company incorporated under the laws of England and Wales with company registration number 5714535 and with its registered office at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA (the “**Parent**”);
- (2) **CABOT FINANCIAL HOLDINGS GROUP LIMITED**, a private limited liability company incorporated under the laws of England and Wales with company registration number 4934534 and with its registered office at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA (the “**Original Borrower**”);
- (3) **THE COMPANIES** listed in Part I of Schedule 1 (*The Original Parties*) as original guarantors (together with the Parent, the “**Original Guarantors**”);
- (4) **CABOT CREDIT MANAGEMENT LIMITED**, a private limited liability company incorporated under the laws of England and Wales with company registration number 5754978 and with its registered office at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA as another guarantor (“**CCML**”);
- (5) **J.P. MORGAN LIMITED, DEUTSCHE BANK AG, LONDON BRANCH, LLOYDS BANK PLC, THE ROYAL BANK OF SCOTLAND PLC** and **UBS LIMITED** as mandated lead arrangers and lead managers (the “**Arrangers**”);
- (6) **THE FINANCIAL INSTITUTIONS** listed in Part II of Schedule 1 (*The Original Parties*) as lenders (the “**Original Lenders**”);
- (7) **J.P. MORGAN EUROPE LIMITED** as agent of the other Finance Parties (the “**Agent**” or the “**Senior Secured Bridge Facilities Agent**”); and
- (8) **J.P. MORGAN EUROPE LIMITED** as security trustee for the Secured Parties (the “**Security Agent**”).

**IT IS AGREED** as follows:

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement:

“**2019 Note Indenture**” means the senior secured note indenture dated 20 September 2012 entered into, among others, by Cabot Financial (Luxembourg) S.A., as issuer, Citibank N.A., London Branch, as trustee, and J.P. Morgan Europe Limited, as security agent.

“**2019 Note Trustee**” means Citibank, N.A., London Branch, or any successor trustee appointed in accordance with the 2019 Note Indenture.

“**2019 Notes**” means the £265,000,000 of 10.375% senior secured notes due 2019 issued under the 2019 Note Indenture.



“**2020 Note Indenture**” means the senior secured note indenture dated 2 August 2013 entered into, among others, by Cabot Financial (Luxembourg) S.A., as issuer, Citibank N.A., London Branch, as trustee, and J.P. Morgan Europe Limited, as security agent.

“**2020 Note Trustee**” means Citibank, N.A., London Branch, or any successor trustee appointed in accordance with the 2020 Note Indenture (as in effect on the date of this Agreement).

“**2020 Notes**” means the £100,000,000 8.375% senior secured notes due 2020 issued under the 2020 Note Indenture (as in effect on the date of this Agreement).

“**Acceptable Bank**” means:

- (a) any Arranger or Affiliate of an Arranger;
- (b) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor’s Rating Services, A- or higher by Fitch Ratings Ltd or A3 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or
- (c) any other bank or financial institution approved by the Agent.

“**Accession Deed**” means a document substantially in the form set out in Schedule 6 (*Form of Accession Deed*).

“**Accounting Principles**” means generally accepted accounting principles, standards and practices in England as applied in the Original Financial Statements of the Parent, and shall include IFRS.

“**Accounting Reference Date**” means 31 December.

“**Acquisition**” means the direct or indirect acquisition by the Original Borrower of the Target in accordance with the Acquisition Agreement.

“**Acquisition Agreement**” means the share sale and purchase agreement dated on or about the date of this Agreement between, among others, the Original Borrower and the Sellers.

“**Acquisition Closing Date**” means the date on which Completion occurs.

“**Acquisition Documents**” means the Acquisition Agreement and any other document designated as an “Acquisition Document” by the Agent and the Parent.

“**Additional Borrower**” means a company which becomes an Additional Borrower in accordance with Clause 28.2 (*Additional Borrowers*).

“**Additional Guarantor**” means a company which becomes an Additional Guarantor in accordance with Clause 28.4 (*Additional Guarantors*).

“**Additional Obligor**” means an Additional Borrower or an Additional Guarantor.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company. For the purposes of The Royal Bank of Scotland plc, “Affiliate” shall include The Royal Bank of Scotland N.V. and each of its subsidiaries or subsidiary undertakings but shall not include (i) the UK Government or any member or instrumentality thereof, including Her Majesty’s Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof) or (ii) any persons or entities controlled by or under common control with the UK Government or any member or instrumentality thereof (including Her Majesty’s Treasury and UK Financial Investments Limited) which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings (including The Royal Bank of Scotland N.V. and each of its subsidiaries or subsidiary undertakings).

“**Agent’s Spot Rate of Exchange**” means the Agent’s spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day.

“**Agreed Security Principles**” means the principles set out in Schedule 13 (*Agreed Security Principles*).

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Restricted Subsidiaries from time to time concerning or relating to bribery or corruption.

“**Applicable Base Rate**” means:

- (a) in relation to any Loan denominated in euros, EURIBOR; and
- (b) in relation to any Loan denominated in any other currency, LIBOR.

“**Applicable Premium**” means, with respect to any Term Loan on any repayment date, the greater of:

- (a) 1.0% of the principal amount of the relevant Term Loan; or
- (b) the excess of:
  - (i) the present value at such repayment date of (x) the price at which the relevant Term Loan may be repaid at 1 August 2016 in accordance with Clause 7.3(b) (*Voluntary prepayment of Loans*), plus (y) all required interest payments due on the relevant Term Loan through 1 August 2016 (excluding accrued but unpaid interest), computed using a discount rate equal to the Gilt Rate as of such repayment date plus 50 basis points; over
  - (ii) the outstanding principal amount of the relevant Term Loan;

as calculated by the Borrower or on behalf of the Borrower by such Person as the Borrower shall designate.

“**Asset Management Affiliate**” means (i) a *bona fide* investment fund or (ii) an entity established primarily for the purpose of making, purchasing or investing in loans or debt securities that manages assets on behalf of third parties that are not Affiliates of a Lender.

“**Assignment Agreement**” means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee, *provided* that if that other form does not contain the undertaking set out in the form set out in Schedule 5 (*Form of Assignment Agreement*) it shall not be a Creditor/Agent Accession Undertaking as defined in, and for the purposes of, the Intercreditor Agreement.

“**Auditors**” means any firm of independent auditors having the relevant reputation, capabilities and expertise to perform a high quality audit of companies such as the Group (including, without limitation, Deloitte & Touche and BDO LLP).

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Availability Facility**” means the aggregate for the time being of each Lender’s Available Commitment in respect of a Facility.

“**Availability Period**” means:

- (a) in relation to Facility A, the period on and from the date of this Agreement to and including the earlier of:
  - (i) the Acquisition Closing Date; and
  - (ii) 12 February 2014;
- (b) in relation to Facility B, the period on and from the date of this Agreement to and including the earlier of:
  - (i) the Change of Control Repayment Date;
  - (ii) 31 March 2014; and
  - (iii) the date of receipt of consent to the CoC Amendment by holders of at least a majority in principal amount of the Existing Target Notes then outstanding pursuant to the Consent Solicitation; and
- (c) in relation to any Incremental Facility, the period specified in the applicable Incremental Facility Increase Notice delivered in accordance with Clause 2.3 (*Incremental Increase in Commitments*) for that Incremental Facility.

“**Available Commitment**” means a Lender’s Commitment under a Facility minus:

- (a) the amount of its participation in any outstanding Utilisations under that Facility; and
- (b) in relation to any proposed Utilisation, the amount of its participation in any other Utilisations that are due to be made under that Facility on or before the proposed Utilisation Date.

“**Base Currency**” means Sterling.

“**Base Currency Amount**” means in relation to a Utilisation the amount specified in the Utilisation Request delivered by a Borrower for that Utilisation (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent’s Spot Rate of Exchange on the date which is three Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request in accordance with the terms of this Agreement), as adjusted to reflect any repayment, prepayment, consolidation or division of a Utilisation.

“**Borrower**” means an Original Borrower or an Additional Borrower unless it has ceased to be a Borrower in accordance with Clause 28 (*Changes to the Obligors*).

“**Break Costs**” means the amount (if any) by which:

- (a) the interest (excluding the Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Bridge Facility A Commitment Fee**” has the meaning given to that term in the Fee Letter described in paragraph (a) of the definition thereof.

“**Bridge Facility B Commitment Fee**” has the meaning given to that term in the Fee Letter described in paragraph (a) of the definition thereof.

“**Budget**” means the budget for the current Financial Year relating to the Group (for these purposes assuming the Acquisition has not occurred) delivered pursuant to Schedule 2 Part I (*Conditions Precedent to Initial Utilisation*) and, in respect of any Financial Year commencing on or after 1 January 2015, any budget delivered by the Parent to the Agent pursuant to Clause 21.3 (*Budget*).

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London and:

- (a) (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency; or
- (b) (in relation to any date for payment or purchase of euro) any TARGET Day.

“**Cabot RCF Agreement**” means the facilities agreement dated 20 September 2012 between, amongst others, the Parent, the original borrowers and original guarantors, party thereto, J.P. Morgan Europe Limited as Agent and Security Agent and the lenders party thereto, as amended on 25 April 2013 and 28 June 2013.

“**Capital Stock**” has the meaning given to “Capital Stock” in Schedule 11 (*Restrictive Covenants*).

“**Cash Equivalent Investments**” has the meaning given to “Cash Equivalents” in Schedule 11 (*Restrictive Covenants*).

“**Certain Funds Period**” means:

- (a) in relation to Facility A, the period commencing from (and including) the date of this Agreement and ending on the date which is the earliest of (and including):
  - (i) the Acquisition Closing Date;
  - (ii) 12 February 2014 (as such date may be extended from time to time (subject to the consent of the Lenders)); and
  - (iii) the date on which the Acquisition Agreement is terminated by either party thereto in accordance with its terms; or
- (b) in relation to Facility B, the period commencing from (and including) the date of this Agreement and ending on the date which is the earliest of (and including):
  - (i) the Change of Control Repayment Date;
  - (ii) 31 March 2014 (as such date may be extended from time to time (subject to the consent of the Lenders)); and
  - (iii) the date on which the Acquisition Agreement is terminated by either party thereto in accordance with its terms; and
  - (iv) the date of receipt of consent to the CoC Amendment by holders of at least majority in principal amount of the Existing Target Notes then outstanding pursuant to the Consent Solicitation.

“**Certain Funds Utilisation**” means a Utilisation made or to be made under Facility A and/or Facility B, as applicable, during the relevant Certain Funds Period for the purposes referenced in paragraph (a) or paragraph (b) of Clause 3.1 (*Purpose*) only.

“**Centre of Main Interests**” means the “centre of main interests” as such term is used in Article 3(1) of the Council Regulation (EC) no. 1346/2000 on insolvency proceedings.

“**Change in Law**” means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (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; provided however notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder issued in connection therewith or in implementation thereof shall be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.

**"Change of Control"** has the meaning given to "Change of Control" in Schedule 11 (*Restrictive Covenants*).

**"Change of Control Repayment Date"** has the meaning given to such term in the Commitment Letter.

**"Charged Property"** means all of the assets of the Obligor which from time to time are, or are expressed to be, the subject of the Transaction Security.

**"Clean-Up Period"** means the period commencing on the date of this Agreement and expiring sixty (60) days after (and excluding) the Closing Date.

**"Closing Date"** means the first date on which an Initial Facility A Loan is advanced and the Acquisition consummated.

**"CoC Amendment Deadline"** means a date which is seven Business Days following the date when the Consent Solicitation Statement is distributed to holders of the Existing Target Notes (as such date may be extended from time to time by agreement between the Original Borrower and the Solicitation Agent (provided that any extensions which in aggregate exceed five Business Days will require the consent of the Majority Lenders)).

**"Commitment"** means a Facility A Commitment, a Facility B Commitment and/or an Incremental Facility Commitment.

**"Commitment Fee"** means the Bridge Facility A Commitment Fee and/or the Bridge Facility B Commitment Fee, as the context may require.

**"Commitment Letter"** means the amended and restated commitment letter dated 7 February 2014 from the Arrangers and the Original Lenders to the Original Borrower.

**"Competitor"** means any person whose business (or the business of any of its Affiliates, related trusts, partnerships, or funds, *excluding* the business of any of its Affiliates, related trusts, partnerships, and funds in circumstances where (i) the relevant entity's primary business does not concern distressed or non-performing consumer debts and (ii) the relevant entity is independently managed or controlled from such person) is in competition with any aspect of the general business carried on by the Group as a whole in the distressed or non-performing consumer debt purchase and distressed or non-performing consumer debt collection market (together with each other person acting on behalf, on the instructions, or for the account of, any such person), in each case save that, in the case of any banking institution only, (i) any person with a division or business line, Affiliate, related trust, partnership or fund that

is in competition with the Group and that division or business line, Affiliate, related trust, partnership or fund is not a material competitor of the Group, or (ii) where the Parent agrees in its sole and absolute discretion, a relevant person shall not be a “Competitor”.

“**Completion**” means the completion of the Acquisition in accordance with the terms of the Acquisition Agreement.

“**Confidential Information**” means all information relating to the Parent, any Obligor, the Group, the Target Group, the Investors, the Finance Documents or the Facilities of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or any Facility from either:

- (a) the Investors, Parent, any member of the Group, the Target Group or any of their respective advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from the Investors, the Parent, any member of the Group, the Target Group or any of their respective advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 39 (*Confidentiality*);
- (ii) is identified in writing at the time of delivery as non-confidential by any member of the Group, the Target Group or any of their respective advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with Parent, the Group or the Target Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in a recommended form of the LMA as set out in Schedule 8 (*LMA Form of Confidentiality Undertaking*) or in any other form agreed between the Parent and the Agent, in each case not having been materially amended without consent of the Parent and capable of being relied upon by the Parent.

“**Consent Solicitation**” means a consent solicitation in respect of the Existing Target Notes to obtain a consent to an amendment and/or waiver of the provisions of the Existing Target Notes that would otherwise require a Change of Control Offer (as the

term is defined in the Existing Target Note Indenture) to be made in accordance with the terms of the Existing Target Notes (the “**CoC Amendment**”) and to amend certain other terms of the Existing Target Notes.

“**Consent Solicitation Statement**” means a consent solicitation statement with respect to the Consent Solicitation.

“**Consolidated EBITDA**” has the meaning given to that term in Schedule 11 (*Restrictive Covenants*).

“**Constitutional Documents**” means the constitutional documents of the Parent.

“**Consumer Debt or Account**” means any debt or account where the debtor is (i) an individual, or (ii) any other person in circumstances where an individual provides any surety, guarantee, credit support, Security, or other financial assistance which represents the principal credit support for the relevant debt or account in respect of that debt or account.

“**Conversion Date**” means the date on which the Initial Loans are extended into Term Loans pursuant to the terms of Clause 6.2 (*Mandatory Extension of Initial Loans into Term Loans*).

“**Conversion Fee**” has the meaning given to that term in the Fee Letter described in paragraph (a) of the definition thereof.

“**CTA**” means the Corporation Tax Act 2009.

“**Debt Purchase Transaction**” means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of, any Commitment or amount outstanding under this Agreement.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 24 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default, **provided that** any such event or circumstance which requires the satisfaction of any condition as to materiality before it becomes an Event of Default shall not be a Default unless such condition is satisfied.

“**Defaulting Lender**” means any Lender (other than a Lender which is a Sponsor Affiliate):

- (a) which has failed to make its participation in a Loan available or has notified the Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (*Lenders’ participation*);



- (b) which has otherwise rescinded or repudiated a Finance Document; or
  - (c) with respect to which an Insolvency Event has occurred and is continuing,
- unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andpayment is made within three (3) Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Delegate**” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“**Demand Failure Event**” has the meaning given to that term in paragraph 2.6 of the Fee Letter described in paragraph (a) of the definition thereof.

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**Engagement Letter**” means the amended and restated engagement letter dated 7 February 2014 from the Arrangers (or affiliates thereof) to the Original Borrower, as amended from time to time.

**“Environment”** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

**“Environmental Claim”** means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

**“Environmental Law”** means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

**“Equity Offering”** has the meaning given to “Equity Offering” in Schedule 11 (*Restrictive Covenants*).

**“ERC”** means the aggregate amount of estimated remaining collections projected to be received by the Restricted Group from the Portfolio during the period of 84 Months as calculated by the ERC Model as at the last day of the Month most recently ended prior to the date of calculation which most accurately reflects the latest performance of the portfolios.

**“ERC Model”** means the models and methodologies that the Parent uses to calculate the value of its loan portfolios and those of its Subsidiaries, consistent with the Original Financial Statements described in paragraph (a) of the definition thereof.

**“Event of Default”** means any event or circumstance specified as such in Clause 24 (*Events of Default*).

**“Equity Proceeds”** means the Net Cash Proceeds of an Equity Offering.

**“EUR”** or **“euro”** means the single currency unit of the Participating Member States.

**“EURIBOR”** means, in relation to any Loan in euro:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the Interest Period of that Loan) the Interpolated Screen Rate for that Loan; or

- (c) if:
  - (i) no Screen Rate is available for the Interest Period of that Loan; and
  - (ii) it is not possible to calculate an Interpolated Screen Rate for that Loan;

the Reference Bank Rate

as of the, in the case of paragraphs (a) and (c) above, Specified Time on the Quotation Day for euro and for a period equal in length to the Interest Period of that Loan and, if any such applicable Screen Rate, Interpolated Screen Rate or Reference Bank Rate is below zero, EURIBOR will be deemed to be zero.

“**Exchange**” has the meaning given to it in Clause 23.2 (*Exchange Notes*).

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.

“**Exchange Date**” means the date on which an Exchange occurs pursuant to this Agreement.

“**Exchange Notes**” means the Facility A Exchange Notes and the Facility B Exchange Notes.

“**Exchange Note Indentures**” means the Facility A Exchange Note Indenture and the Facility B Exchange Note Indenture.

“**Exchange Note Trustee**” means a trustee acceptable to the Parent and the Agent which agrees to act as trustee pursuant to the Exchange Note Indentures on the terms thereof.

“**Exchange Request**” means a written or telecopy notice in the form attached hereto as Schedule 16 (*Form of Exchange Request*).

“**Excluded Bank Accounts**” means:

- (a) each bank account the credit balance of which relates to monies held on trust for third parties;
- (b) the bank accounts specified in Schedule 15 (*Excluded Bank Accounts*); and
- (c) any other bank account approved by the Agent from time to time.

“**Existing Cap**” means each interest rate cap hedging agreement entered into before the date of this Agreement in respect of interest rate exposures relating to the facilities agreement originally dated 1 March 2005 (as amended and restated from time to time) between, amongst others, Cabot Financial (UK) Limited as borrower and The Royal Bank of Scotland plc as arranger, agent and security agent.

“**Existing Financing**” means:

- (a) the 2019 Notes;
- (b) the 2020 Notes;

- (c) the loan facilities made available under the Cabot RCF Agreement;
- (d) on or after the Closing Date, the Existing Target Notes; and
- (e) on and after the Closing Date, the loan facilities made available under the Marlin RCF Agreement.

“**Existing Target Notes**” means £150,000,000 10.5 per cent. senior secured notes issued by the Existing Target Notes Issuer pursuant to the Existing Target Note Indenture.

“**Existing Target Note Indenture**” means the senior secured notes indenture dated 25 July 2013 made between, among others, Marlin Intermediate Holdings plc, as issuer, The Bank of New York Mellon, as trustee, and The Royal Bank of Scotland plc, as security agent.

“**Existing Target Notes Issuer**” means Marlin Intermediate Holdings plc or any Successor Company of Marlin Intermediate Holdings plc (as such term is defined in the 2020 Note Indenture as in effect on the date of this Agreement).

“**Extension Default**” means:

- (a) a failure by any of the Obligors to pay any sum (whether in the nature of principal interest or fees) owing under any Finance Document, in any such case to the extent due and payable on or before the Initial Maturity Date to the Finance Parties;
- (b) the occurrence of any Event of Default under paragraphs 24.6 (*Insolvency*), 24.7 (*Insolvency Proceedings*) or 24.8 (*Creditors Process*) with respect to the Original Borrower or a Significant Subsidiary (as defined in the 2020 Note Indenture as at the date of this Agreement) or any group of Subsidiaries which, taken together as one Subsidiary, would constitute a Significant Subsidiary.

“**Facilities**” means Facility A, Facility B and the Incremental Facility (and “**Facility**” means any of them, as the context may require).

“**Facility A**” means the term bridge loan facility made available under this Agreement as described in paragraph (a) of Clause 2.1 (*The Facilities*).

“**Facility A Available Commitment**” means the aggregate for the time being of each Lender’s Available Commitment in respect of Facility A.

“**Facility A Commitment**” means:

- (a) in relation to a Facility A Original Lender, the amount set opposite its name under the heading “Commitment” in Part III-A of Schedule 1 (*The Original Parties*) and the amount of any other Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*); and

- (b) in relation to any other Facility A Lender, the amount of any Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*).

to the extent not cancelled, reduced or transferred by it under this Agreement. On and following the Conversion Date, any Incremental Facility Commitment shall cease to constitute an Incremental Facility Commitment and shall be deemed to constitute a Facility A Commitment.

“**Facility A Exchange Note**” means the note (or, if more than one such note is outstanding, the notes) to be issued under the Facility A Exchange Note Indenture and on the terms set forth in Clause 23.1 (*Exchange Note Indentures*) hereunder in exchange for one or more Facility A Term Loans.

“**Facility A Exchange Note Indenture**” means an indenture to be entered into between, among others, the Parent and the Exchange Note Trustee in respect of the Facility A Exchange Notes in accordance with Clause 23.1 (*Exchange Note Indentures*).

“**Facility A Lender**” means any Lender who makes available a Facility A Commitment.

“**Facility A Original Lender**” means any Lender set out in Part III-A of Schedule 1 (*The Original Parties*).

“**Facility A Term Loan**” means a loan in respect of Initial Facility A Loans and any Incremental Facility Loans in each case deemed to be made pursuant to Clause 6.2 (*Mandatory Extension of Initial Loans into Term Loans*).

“**Facility A Total Commitments**” means the aggregate of the Facility A Commitments, being £105,000,000 at the date of this Agreement.

“**Facility B**” means the term bridge loan facility made available under this Agreement as described in paragraph (a) of Clause 2.1 (*The Facilities*).

“**Facility B Available Commitment**” means the aggregate for the time being of each Lender’s Available Commitment in respect of the Facility B.

“**Facility B Commitment**” means:

- (a) in relation to a Facility B Original Lender, the amount set opposite its name under the heading “Commitment” in Part III-B of Schedule 1 (*The Original Parties*) and the amount of any other Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*); and
- (b) in relation to any other Facility B Lender, the amount of any Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*), to the extent not cancelled, reduced or transferred by it under this Agreement.

**“Facility B Exchange Note”** means the note (or, if more than one such note is outstanding, the notes) to be issued under the Facility B Exchange Note Indentures and on the terms set forth in Clause 23.1 (*Exchange Note Indentures*) hereunder in exchange for one or more Facility B Term Loans.

**“Facility B Exchange Note Indenture”** means an indenture to be entered into between, among others, the Parent and the Exchange Note Trustee in respect of the Facility B Exchange Notes in accordance with Clause 23.1 (*Exchange Note Indentures*).

**“Facility B Lender”** means any Lender who makes available a Facility B Commitment.

**“Facility B Original Lender”** means any Lender set out in Part III-B of Schedule 1 (*The Original Parties*).

**“Facility B Term Loan”** means a loan in respect of Initial Facility B Loans deemed to be made pursuant to Clause 6.2 (*Mandatory Extension of Initial Loans into Term Loans*).

**“Facility B Total Commitments”** means the aggregate of the Facility B Commitments, being £151,500,000 at the date of this Agreement.

**“Facility Office”** means the office or offices notified by a Finance Party to the Agent in writing on or before the date it becomes a Finance Party (or, following that date, by not less than five (5) Business Days written notice) as the office or offices through which it will perform its obligations under this Agreement.

**“FATCA”** means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 (the **“Code”**) or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**“FATCA Application Date”** means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2017; or

(c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017, or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

“**FATCA Deduction**” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“**FATCA Exempt Party**” means a Party that is entitled to receive payments free from any FATCA Deduction.

“**Fee Letter**” means:

- (a) the amended and restated fee letter dated 7 February 2014 from the Arrangers and the Original Lenders to the Original Borrower;
- (b) any letter or letters dated on or about the date of this Agreement between the Parent and/or the Original Borrower and the Agent and/or the Security Agent setting out any of the fees referred to in Clause 13.2 (*Agent and Security Agent fees*); and
- (c) any agreement setting out fees payable to a Finance Party referred to in Clause 2.2 (*Increase*), Clause 2.3 (*Incremental Increase in Commitments*) of this Agreement or under any other Finance Document.

“**Final Maturity Date**” means 1 August 2020.

“**Finance Document**” means this Agreement, any Accession Deed, the Commitment Letter, the Engagement Letter, any Exchange Note Indenture, any Exchange Notes, any Fee Letter, the Intercreditor Agreement, any Resignation Letter, any Transaction Security Document, any Utilisation Request, any Transfer Certificate, any Assignment Agreement, any Increase Confirmation and any other document designated as a “Finance Document” by the Agent and the Parent or the Original Borrower.

“**Finance Party**” means the Agent, each Arranger, the Security Agent and each Lender.

“**Financial Indebtedness**” has the meaning given to “Indebtedness” in Schedule 11 (*Restrictive Covenants*).

“**Financial Quarter**” means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

“**Financial Statements**” means:

- (a) prior to the Conversion Date, the financial statements required to be delivered under Clause 21.1 (*Financial Statements*); or

- (b) on and following the Conversion Date, the financial statements required to be delivered under the 2020 Note Indenture in the form as at the date of this Agreement.
- “Financial Year”** means the annual accounting period of the Restricted Group, as relevant, ending on the Accounting Reference Date in each year.
- “Funding Fee”** has the meaning given to that term in the Fee Letter described in paragraph (a) of the definition thereof.
- “GBP”, “Sterling” or “£”** means the lawful currency for the time being of the United Kingdom.
- “Gilt Rate”** means, as of any redemption date with respect to the Exchange Notes, the yield to maturity as of such redemption date of United Kingdom government securities with a fixed maturity (as compiled by the Debt Management Office statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to the third anniversary of the Closing Date; provided, however, that if the period from such redemption date to the third anniversary of the Closing Date is less than one year, the weekly average yield on actually traded United Kingdom government securities denominated in pounds sterling adjusted to a fixed maturity of one year shall be used.
- “Group”** means the Parent and each of its Subsidiaries for the time being.
- “Group Structure Chart”** means the group structure chart in the agreed form.
- “Guarantor”** means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 28.5 (*Resignation of a Guarantor*).
- “HMRC”** means HM Revenue & Customs.
- “Holdco”** means the Parent, Cabot Financial Holdings Group Limited, the Luxembourg Guarantor, Cabot Credit Management Limited and Cabot Financial Debt Recoveries Services Limited.
- “Holding Company”** means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.
- “IFRS”** means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.
- “Impaired Agent”** means the Agent at any time when:
- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
  - (b) the Agent otherwise rescinds or repudiates a Finance Document;



(c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraphs (a) or (b) of the definition of “Defaulting Lender”; or

(d) an Insolvency Event has occurred and is continuing with respect to the Agent,

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within three (3) Business Days of its due date; or

(ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Increase Confirmation**” means a confirmation substantially in the form set out in Schedule 12 (*Form of increase confirmation*).

“**Increase Lender**” has the meaning given to that term in Clause 2.2 (*Increase*).

“**Incremental Facility**” means the loan facility made available under this Agreement in accordance with Clause 2.3 (*Incremental Increase in Commitments*).

“**Incremental Facility Commitment**” means, in relation to any Incremental Facility Lender, the amount committed by such Incremental Facility Lender pursuant to an Incremental Facility Commitment Increase Notice and the amount of any other Incremental Facility Commitment transferred to it under this Agreement, to the extent such amount has not been cancelled or reduced by it under this Agreement, provided that on and following the Conversion Date any Incremental Facility Commitment of such Lender shall be deemed to be a Facility A Commitment of such Lender and shall cease to be an Incremental Facility Commitment.

“**Incremental Facility Total Commitment**” means the aggregate of the Incremental Facility Commitments, up to an amount equal to £80,000,000 (or the Base Currency Amount equivalent).

“**Incremental Facility Increase Date**” means each date on which the Total Commitments are increased pursuant to paragraph (g) of Clause 2.3 (*Incremental Increase in Commitments*).

“**Incremental Facility Increase Notice**” means an agreement substantially in the form set out in Schedule 14 (*Form of Incremental Facility Increase Notice*) or any other form agreed between the Parent and the Agent.

“**Incremental Facility Lender**” has the meaning given to that term in Clause 2.3 (*Incremental Increase in Commitments*).

“**Incremental Facility Loan**” means, prior to extension in accordance with Clause 6.2 (*Mandatory Extension of Initial Loans into Term Loans*), a loan made or to be made under the Incremental Facility or the principal amount outstanding for the time being of that loan.

**“Incremental Facility Restrictions”** means the following restrictions:

- (a) no Default or Event of Default exists and is continuing or would occur as a result of the proposed Incremental Facility Commitment being made available;
- (b) no breach of any covenants (other than any financial covenants) set out in any Existing Financing, to the extent any such agreement has not been terminated or otherwise cancelled, after giving effect to the relevant Incremental Facility Commitment (and assuming the relevant Incremental Facility Commitment is fully drawn);
- (c) the financial covenants set out in any Existing Financing as at the Incremental Facility Increase Date and as at the immediately preceding Quarter (on a pro forma basis and adjusted to take account of any customary and appropriate adjustments) would be complied with (assuming the relevant Incremental Facility Commitment and any previous Incremental Facility Commitment is fully drawn); and
- (d) all fees and expenses owing and payable in respect of such Incremental Facility Commitment to the Senior Secured Bridge Facilities Agent or the Lenders (if any) shall have been paid.

**“Initial Facility A Loans”** means, prior to extension in accordance with Clause 6.2 (*Mandatory Extension of Initial Loans into Term Loans*), the loans made available by the Lenders to the Borrower under Facility A.

**“Initial Facility B Loans”** means prior to extension in accordance with Clause 6.2 (*Mandatory Extension of Initial Loans into Term Loans*), a loan made available to the Lenders under Facility B.

**“Initial Loans”** means the Initial Facility A Loans, the Initial Facility B Loans and any Incremental Facility Loans.

**“Initial Maturity Date”** means, subject to adjustment pursuant to paragraph (b) of Clause 6.2 (*Mandatory Extension of Initial Loans into Term Loans*) the first anniversary of the Closing Date.

**“Initial Public Offering”** means an initial public offering on any recognised investment exchange of the shares of the Parent or any Holding Company of the Parent but excluding the Investors.

**“Insolvency Event”** in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
  - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;
- (g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or
- (k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**“Intellectual Property”** means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Restricted Group (which may now or in the future subsist).

**“Intercreditor Agreement”** means the intercreditor agreement dated on 20 September 2012 made between, among others, the Parent, the Obligors, the Security Agent, the Agent, the Lenders (as *Pari Passu Creditors* as defined therein), the 2019 Note Trustee, the 2020 Note Trustee and the finance parties under the Cabot RCF Agreement.

**“Interest Period”** means, in relation to a Loan, each period determined in accordance with Clause 11 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 10.4 (*Default interest*).

**“Interpolated Screen Rate”** means, in relation to the Applicable Base Rate for any Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan, and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,

each as of the Specified Time on the Quotation Day for the currency of that Loan. When determining the rate for a period which is less than the shortest period for which the relevant Screen Rate is available, the applicable Screen Rate for purposes of paragraph (a) above shall be deemed to be the overnight screen rate where “overnight screen rate” means, in relation to any currency the overnight rate for such currency determined by the Agent from such service as the Agent may select.

**“Intra-Group Loans”** means any loans made by one member of the Restricted Group to another member of the Restricted Group.

**“Investment Grade Status”** shall have the meaning set out in the 2020 Note Indenture, as at the date of this Agreement, as it applies to the Notes and for the purposes of Clause 25 (*Investment Grade Status*) shall have a corresponding meaning in respect of any other Permitted Financial Indebtedness.

**“Investors”** means Cabot Credit Management Limited, Cabot Holdings S.a r.l., JCF III Europe S.a r.l., JCF III Europe Holdings LP, JCF III AIV II LP and any fund managed and/or advised by J.C. Flowers & Co. LLC, Encore Capital Group, Inc., or, in each case, any of their respective Affiliates.

**“ITA”** means the Income Tax Act 2007.

**“Joint Venture”** means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity in which the interests of all members of the Restricted Group (taken together) are not more than 50%.

**“Legal Opinion”** means any legal opinion delivered to the Agent under Clause 4.1 (*Initial conditions precedent for the Loan*), Clause 28.2 (*Additional Borrowers*) or Clause 28.4 (*Additional Guarantors*).

**“Legal Reservations”** means:

- (a) the principle that certain remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under any applicable limitation law (including the Limitation Acts), the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void and defences of acquiescence, set-off or counterclaim;
- (c) the principle that in certain circumstances Security granted by way of fixed charge may be recharacterised as a floating charge or that Security purported to be constituted as an assignment may be recharacterised as a charge;
- (d) the principle that additional interest imposed pursuant to any relevant agreement may be held to be unenforceable on the grounds that it is a penalty and thus void;
- (e) the principle that an English court may not give effect to an indemnity for legal costs incurred by an unsuccessful litigant;
- (f) the principle that the creation or purported creation of Security over any contract or agreement which is subject to a prohibition on transfer, assignment or charging may be void, ineffective or invalid and may give rise to a breach of the contract or agreement over which Security has purportedly been created;
- (g) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (h) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

**“Lender”** means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender (and a party to the Intercreditor Agreement) in accordance with Clause 2.2 (*Increase*), Clause 2.3 (*Incremental Increase in Commitments*) or Clause 26 (*Changes to the Lenders*),

which in each case has not ceased to be a Lender in accordance with the terms of this Agreement.

“**Lender Exchange Note**” means an Exchange Note that is held by a person who is an Arranger or an Affiliate of an Arranger (other than an Asset Management Affiliate of an Arranger), provided that an Exchange Note shall cease to be a Lender Exchange Note once transferred to a third party (including to any Affiliate of the Arranger that is an Asset Management Affiliate).

“**LIBOR**” means, in relation to any Loan in relation to any currency other than, euros:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for the Interest Period of that Loan, the Interpolated Screen Rate for that Loan; or
- (c) If:
  - (i) no Screen Rate is available for the currency of that Loan; and
  - (ii) it is not possible to calculate an Interpolated Screen Rate for that Loan,

the Reference Bank Rate as of, in the case of paragraphs (a) and (c) above, the Specified Time on the Quotation Day for the currency of that Loan and for a period equal in length to the Interest Period of that Loan and, if any such applicable Screen Rate, Interpolated Screen Rate or Reference Bank Rate is below zero, LIBOR will be deemed to be zero.

“**Limitation Acts**” means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

“**LMA**” means the Loan Market Association.

“**Loan**” means an Initial Loan or a Term Loan.

“**Luxembourg Guarantor**” means Cabot Financial (Luxembourg) S.A., a *société anonyme* incorporated under the laws of the Grand Duchy of Luxembourg, with registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under the number B-171245.

“**Luxembourg Share Pledge Agreement**” means the agreement pursuant to which a Luxembourg law share pledge is granted by Cabot Financial Holdings Group Limited in favour of the Security Agent over the shares in the Luxembourg Guarantor.

“**Major Default**” means (with respect to each member of the Group or CCML but excluding any member of the Target Group) any event or circumstances constituting an Event of Default under any of Clause 24.1 (*Non-payment*), Clause 24.3 (*Other obligations*) (insofar it relates to a breach of any Major Undertaking), Clause 24.4 (*Misrepresentation*) (insofar it relates to a breach of any Major Representation), Clause 24.6 (*Insolvency*), Clause 24.7 (*Insolvency proceedings*), Clause 24.8 (*Creditors' process*), Clause 24.9 (*Unlawfulness and invalidity*), Clause 24.13 (*Expropriation*) and Clause 24.14 (*Repudiation and rescission of agreements*).

**“Major Representation”** means (with respect to each member of the Group or CCML but excluding any member of the Target Group) a representation or warranty under any of Clause 20.1 (*Status*), Clause 20.2 (*Binding obligations*), Clause 20.3 (*Non-conflict with other obligations*), Clause 20.4 (*Power and authority*), Clause 20.5 (*Validity and admissibility in evidence*) and Clause 20.6 (*Governing law and enforcement*).

**“Major Undertaking”** means (with respect to each member of the Group or CCML but excluding any member of the Target Group) any of Clause 8.1 (*Change of Control*), Clause 22.19 (*Guarantees*), Section 1 (*Limitation on Indebtedness*), Section 2 (*Limitations on Restrictive Payments*) (insofar it only relates to payment of dividends and share redemption), Section 3 (*Limitations on Lien*) and Section 5 (*Limitation on Sales of Assets and Subsidiary Stock*) of Part I (*Covenants*) of Schedule 11 (*Restrictive Covenants*).

**“Majority Lenders”** means a Lender or Lenders whose Commitments aggregate more than 50 per cent. or more of the Total Commitments (or if the Total Commitments have been reduced to zero, aggregated more than 50 per cent. or more of the Total Commitments immediately prior to that reduction).

**“Margin”** means:

- (a) in relation to an Initial Facility A Loan and any Incremental Facility Loan:
  - (i) 6.00 per cent. per annum during the three Month period commencing on the Closing Date;
  - (ii) 6.50 per cent. per annum during the three Month period immediately succeeding the three Month period under (i) above;
  - (iii) 7.00 per cent. per annum during the three Month period immediately succeeding the three Month period under (ii) above;
  - (iv) 7.50 per cent. per annum during the three Month period (but excluding the Initial Maturity Date) immediately succeeding the three Month period under (iii) above; and
  - (v) thereafter, the applicable Total Cap, and
- (b) in relation to an Initial Facility B Loan:
  - (i) 6.00 per cent. per annum during the three Month period commencing on the Change of Control Repayment Date;
  - (ii) 6.50 per cent. per annum during the three Month period immediately succeeding the three Month period under (i) above;
  - (iii) 7.00 per cent. per annum during the three Month period immediately succeeding the three Month period under (ii) above;

- (iv) 7.50 per cent. per annum. during the three Month period (but excluding the Initial Maturity Date) immediately succeeding the three Month period under (iii) above; and
- (v) thereafter, the applicable Total Cap;

provided that, except where paragraph (a)(v) or paragraph (b)(v) above apply, in the event that consent to the amendments and waivers sought in the Consent Solicitation is not obtained and the Reorganisation has not been consummated by 24 March 2014, the relevant Margin shall increase by 1.00 per cent per annum with effect from 24 March 2014.

“**Marlin RCF Agreement**” means the senior facilities agreement relating to a £25,000,000 revolving facilities agreement dated 25 July 2013 between, amongst others, Marlin Financial Intermediate II Limited, as original borrower, Investec Bank plc as agent, The Royal Bank of Scotland plc as security agent and the lenders parties thereto.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, operations, assets or financial condition of the Restricted Group (taken as a whole); or
- (b) the ability of the Obligors (taken as a whole) to perform their payment obligations under the Finance Documents; or
- (c) the legality, validity, enforceability or ranking of any Security granted or purported to be granted pursuant to any of the Finance Documents, in any such case, in a manner or to an extent which is materially adverse to the interests of the Lenders under the Finance Documents and, if capable of remedy is not remedied within 15 Business Days of the earlier of:
  - (i) the Parent becoming aware of the issue; or
  - (ii) the giving of notice of the issue by the Agent,

**provided that** such period shall run concurrently with any applicable grace period contained in Clause 24 (*Events of Default*).

“**Material Company**” means, at any time:

- (a) an Obligor; or
- (b) a wholly-owned member of the Restricted Group that is the Holding Company of an Obligor; or
- (c) a member of the Restricted Group which:
  - (i) has earnings before interest, tax, depreciation and amortisation calculated on the same basis as Consolidated EBITDA (but on an unconsolidated basis and excluding intra-Restricted Group items and investments in Restricted Subsidiaries of any member of the Restricted Group) representing more than five (5) per cent. of Consolidated EBITDA of the Restricted Group calculated on a consolidated basis; or



- (ii) has gross assets (on an unconsolidated basis excluding intra-Restricted Group items, goodwill and investments in Restricted Subsidiaries of any member of the Restricted Group) representing five (5) per cent. or more of the gross assets of the Restricted Group calculated on a consolidated basis (excluding goodwill).

Compliance with the conditions set out in paragraph (c) above shall be determined by reference to:

- (i) the most recent Annual Financial Statements of the Group (adjusted in accordance with Clause 21.7 (*Unrestricted Subsidiaries*)) supplied under paragraph (a) of Clause 21.1 (*Financial Statements*);
- (ii) the latest (if applicable) consolidated financial statements of the Subsidiary (audited to the extent required by law). However, if a Subsidiary has been acquired since the date as at which the latest Annual Financial Statements of the Group were prepared, the Annual Financial Statements shall be deemed to be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment being certified by two directors of the Parent as representing an accurate reflection of the revised Consolidated EBITDA) or gross assets of the Restricted Group).

A report by the Auditors of the Parent that a Subsidiary is or is not a Material Company shall, in the absence of manifest error, be conclusive and binding on all Parties.

**“Material Event of Default”** means any event or circumstance constituting:

- (a) an Event of Default under Clause 24.3 (*Other obligations*) to the extent that such Event of Default relates to a failure to comply that is material; and
- (b) an Event of Default under any Clause other than Clause 24.3 (*Other obligations*).

**“Member State”** means the territory of each Member State of the Community as defined in Article 5 and 6 of the Council Directive 2006/112/EC on the common system of value added tax.

**“Month”** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

“**Net Cash Proceeds**” has the meaning given to “Net Cash Proceeds” in Schedule 11 (*Restrictive Covenants*).

“**Non-Consenting Lender**” has the meaning given to that term in Clause 38.4 (*Replacement of Lender*).

“**Non-Consumer Debt or Accounts**” means any debt or account that is not a Consumer Debt or Account.

“**Non-UK-and-Ireland Originated Account**” means a Portfolio Account originally issued or extended to a person outside the United Kingdom and the Republic of Ireland unless such person was resident in the United Kingdom or the Republic of Ireland at such time.

“**Non-UK Originated Account**” means a Portfolio Account originally issued or extended to a person outside the United Kingdom unless such person was resident in the United Kingdom at such time.

“**Notes**” means without duplication (i) the 2020 Notes, (ii) the 2019 Notes, (iii) the Senior Secured Notes or any other Permanent Securities (as defined in the Engagement Letter), (iv), on or after the Closing Date, the Existing Target Notes, and (iii) any other debt securities issued to refinance, in exchange for or in lieu of (in whole or in part) this Agreement (including the Exchange Notes).

“**Note Documents**” means the Note Indentures and any other documents in respect of, or related to, the Notes.

“**Note Indenture**” means each of, as the context requires:

- (a) the 2020 Note Indenture;
- (b) the 2019 Note Indenture;
- (c) the indenture in respect of the Senior Secured Notes or any other Permanent Securities (as defined in the Engagement Letter), to be entered into between, among others, the Parent and a trustee, as amended from time to time; and
- (d) any Exchange Note Indentures.

“**Notifiable Debt Purchase Transaction**” has the meaning given to that term in paragraph (b) of Clause 27.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*).

“**Obligor**” means a Borrower or a Guarantor.

“**Obligors’ Agent**” means the Parent as appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.5 (*Obligors’ Agent*).

“**Optional Currency**” means a currency (other than the Base Currency) which complies with the conditions set out in Clause 4.4 (*Conditions relating to Optional Currencies*).

“**Original Financial Statements**” means:

- (a) the audited financial statements of the Group for the financial year ending December 2012; and
- (b) in relation to each Original Obligor (other than the Luxembourg Guarantor) its audited financial statements for its Financial Year ended 31 December 2012.

“**Original Lender**” means a Facility A Original Lender and/or a Facility B Original Lender, as the context may require.

“**Original Obligor**” means the Original Borrower or an Original Guarantor.

“**Participating Member State**” means any member state of the European Union that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Party**” means a party to this Agreement.

“**Perfection Requirements**” means the making or procuring of appropriate registrations, filings, endorsements, stampings, intimation in accordance with local laws, notations in stock registries, notarisations, legalisation and/or notifications of the Transaction Security Documents and/or the Transaction Security created thereunder.

“**Permitted Acquisition**” means the Acquisition and any other acquisition (not being an acquisition by the Parent):

- (a) of shares or other ownership interests in a company representing at least 50.1 per cent. of the issued share capital or other ownership interests of such company or of a business or undertaking carried on as a going concern (each a “**Business Acquisition**”); or
- (b) an acquisition of Portfolio Accounts for consideration in cash,

but only if:

- (i) in relation to a Business Acquisition, no Event of Default has occurred and is continuing at the time the relevant member of the Restricted Group contractually commits to the relevant acquisition or would result therefrom;

- (ii) in relation to an acquisition of Portfolio Accounts, no Material Event of Default has occurred and is continuing at the time the relevant member of the Restricted Group contractually commits to the relevant acquisition or would result therefrom;
- (iii) in relation to a Business Acquisition, the acquired company, business, or undertaking is engaged in a business substantially similar to or complementary to that carried on by the Restricted Group in the debt purchase and debt collection market; and
- (iv) in the case of a Portfolio Account constituting either (i) a Non-Consumer Debt or Account, or (ii) a Non-UK Originated Account, having regard to the circumstances applying at the time the relevant member of the Restricted Group contractually commits to the relevant acquisition, the relevant acquisition would not result in a failure to comply with the definition of “**Portfolio Account**”;
- (v) in relation to a Business Acquisition of less than 100 per cent. but more than 50.1 per cent. of the issued share capital or other ownership interest interests of a company which following the acquisition would constitute a Material Company, subject to such company becoming an Obligor and granting Security (on substantially the same or equivalent terms to the Transaction Security granted as a condition precedent to initial utilisation of the Facilities and subject to the Agreed Security Principles) over all its assets in favour of the Secured Parties as soon as practicable and in any event within:
  - (A) in the case of a Business Acquisition in England and Wales, 60 days; or
  - (B) in the case of a Business Acquisition in any other jurisdiction, 90 days,  
of consummation of the relevant acquisition;
- (vi) in relation to a Business Acquisition, the Parent has delivered a compliance certificate signed by two directors showing in reasonable detail calculations demonstrating that to the extent that the Business Acquisition includes an acquisition of any Non-Consumer Debt or Account or any Non-UK Originated Accounts, having regard to the circumstances applying at the time the relevant member of the Restricted Group contractually commits to the relevant acquisition, that the relevant acquisition would not result in a failure to comply with the definition of “**Portfolio Account**”;
- (vii) in relation to a Business Acquisition, the acquired company, business or undertaking is incorporated or established, and carries on its principal business, in the United Kingdom, European Union, United States of America or Canada;

- (viii) in the reasonable opinion of the Parent, such acquisitions are directly or indirectly EBITDA enhancing over the next three Financial Years after the completion of such acquisition having regard to the Group as a whole and the nature of the Group's business in the debt purchase and debt collection market; and
- (ix) in relation to an acquisition of Portfolio Accounts to be funded by a Utilisation under the Incremental Facility in an amount of more than 5% of ERC (as determined by reference to the Financial Statements most recently delivered on a *pro forma* basis for such acquisition), the prior written consent of the Majority Lenders has been obtained.

“**Permitted Payment**” has the meaning given to that term in the Intercreditor Agreement.

“**Permitted Refinancing Indebtedness**” means any Refinancing Indebtedness (as defined in Schedule 11 (*Restrictive Covenants*)).

“**Permitted Reorganisation**” means:

- (a) an amalgamation, merger, transfer, consolidation, liquidation, dissolution or corporate reconstruction (each a “**Reorganisation**”) on a solvent basis of a member of the Restricted Group where:
  - (i) all of the business and assets of that member of the Restricted Group remain within the Restricted Group (and if that member of the Restricted Group was an Obligor immediately prior to such reorganisation being implemented, all of the business and assets of that member are retained by one or more other Obligors);
  - (ii) if it or its assets or the shares in it were subject to the Transaction Security immediately prior to such Reorganisation, the Security Agent will enjoy substantially the same or equivalent Security over the same assets or, as the case may be, over it or the shares in it (or in each case over the shares of its successor) or, where a member of the Group is being dissolved or liquidated, its assets (after payment of creditors) are passed up to its Holding Company (subject to such Holding Company granting the same or equivalent Security over the relevant assets in favour of the Security Agent); and
  - (iii) in the case of an amalgamation, merger or corporate reconstruction, if such member of the Group is an Obligor, the surviving entity is or becomes an Obligor to at least the same extent as such first mentioned Obligor immediately prior to the said amalgamation, merger or corporate reconstruction;
- (b) any Reorganisation permitted under Schedule 11 (*Restrictive Covenants*);
- (c) any Reorganisation specifically detailed in the Tax Structure Report; or

(d) any other Reorganisation of one or more members of the Restricted Group approved by the Majority Lenders (acting reasonably).

**“Permitted Sanction Action”** means:

- (a) in relation to any Sanctions imposed, administered or enforced from time to time by the US government and/or OFAC, such action is licensed or otherwise authorised by OFAC and, if required, by the US government;
- (b) in relation to any Sanctions imposed, administered or enforced from time to time by the United Nations Security Council, such action is licensed or otherwise authorised by the United Nations Security Council;
- (c) in relation to any Sanctions imposed, administered or enforced from time to time by the European Union, such action is licensed or otherwise authorised by the European Union;
- (d) in relation to any Sanctions imposed, administered or enforced from time to time by Her Majesty’s Treasury of the United Kingdom, such action is licensed or otherwise authorised by Her Majesty’s Treasury of the United Kingdom; and
- (e) in relation to any Sanctions imposed, administered or enforced from time to time by the US State Department, the US Department of Commerce or the US Department of the Treasury, such action is licensed or otherwise authorised by each applicable US department,

and provided that such action would not cause any Finance Party or member of the Group to be in breach of any Sanctions.

**“Person”** means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organisations, whether or not legal entities, and governmental authorities.

**“Portfolio”** means the Portfolio Accounts.

**“Portfolio Account”** means:

- (a) a sub-performing or charged-off consumer account, consumer instalment loan or any other consumer account owned by the Restricted Group or any Non-Consumer Debt or Account; or
- (b) a Right to Collect Account,

*provided that:*

- (i) the aggregate “ERC” amount of all Non-Consumer Debt or Accounts (calculated on the same basis as ERC and as set out in the further proviso below) at the time the relevant member of the Restricted Group contractually commits to the relevant acquisition does not exceed an amount equal to 7.5 per cent. of ERC (as determined by reference to the most recently delivered Financial Statements adjusted on a *pro forma* basis for the proposed acquisition);

- (ii) the aggregate “ERC” amount of all Non-UK Originated Accounts (calculated on the same basis as ERC and as set out in the further proviso below) at the time the relevant member of the Restricted Group contractually commits to the relevant acquisition does not exceed an amount equal to 15 per cent. of ERC (as determined by reference to the most recently delivered Financial Statements adjusted on a *pro forma* basis for the proposed acquisition); and
- (iii) the aggregate “ERC” amount of all Non-UK-and-Ireland Originated Accounts (calculated on the same basis as ERC and as set out in the further proviso below) at the time the relevant member of the Restricted Group contractually commits to the relevant acquisition does not exceed an amount equal to 5 per cent. of ERC (as determined by reference to the most recently delivered Financial Statements adjusted on a *pro forma* basis for the proposed acquisition),

and provided further that for the purposes of this definition, when calculating the aggregate “ERC” amount of all such Non-Consumer Debt or Accounts, all such Non-UK Originated Accounts or all such Non-UK-and-Ireland Originated Accounts debt, it shall refer to the estimated remaining collections projected to be received over 84 Months from the debt portfolio of which such debt is a component multiplied by the ratio of Non-Consumer Debt or Accounts, Non-UK Originated Accounts or Non-UK-and-Ireland Originated Accounts to total accounts in that debt portfolio, respectively.

“**Quarter Date**” means each of 31 March, 30 June, 30 September and 31 December.

“**Quasi Security**” means any transaction in which a member of the Restricted Group agrees to:

- (a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Restricted Group;
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined:

- (a) (if the currency is sterling) the first day of that period; or

- (b) (if the currency is euro) two TARGET Days before the first day of that period; or
- (c) (for any other currency) two Business Days before the first day of that period,

unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

**“Receiver”** means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

**“Reference Banks”** means:

- (a) in relation to EURIBOR, the principal office in an appropriate jurisdiction of JPMorgan Chase Bank, N.A. London Branch and Lloyds Bank plc;
  - (b) in relation to LIBOR, the principal London office of JPMorgan Chase Bank, N.A. London Branch and Lloyds Bank plc; and
- in each case, such other banks as may be appointed by the Agent in consultation with the Parent.

**“Reference Bank Rate”** means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks:

- (a) in relation to EURIBOR, as the rate which the relevant Reference Bank assesses to be the rate at which Euro interbank term deposits in euros and for the relevant period are offered for spot value (T+2) by one prime bank to another prime bank within the EMU zone;
- (b) in relation to LIBOR, as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers in reasonable market size in that currency and for that period.

**“Refinancing Date”** means the date the Facility A Commitments, the Facility B Commitments, the Incremental Facility Commitments, the Initial Facility A Loans and/or the Initial Facility B Loans and/or the Incremental Facility Loans are refinanced, in part or in full, by a Permanent Financing (as defined in the Engagement Letter).

**“Related Fund”** in relation to a fund (the **“first fund”**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

**“Relevant Acceleration Event”** has the meaning given to that term in Schedule 13 (*Agreed Security Principles*).



“**Relevant Interbank Market**” means in relation to euro, the European interbank market and, in relation to any other currency, the London interbank market.

“**Relevant Jurisdiction**” means, in relation to an Obligor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where it conducts a substantial part of its business; and
- (c) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

“**Repeating Representations**” means each of the representations set out in Clause 20.1 (*Status*), Clause 20.2 (*Binding obligations*), Clause 20.3 (*Non-conflict with other obligations*), Clause 20.4 (*Power and authority*), paragraph (a) of Clause 20.5 (*Validity and admissibility in evidence*), Clause 20.6 (*Governing law and enforcement*), Clause 20.9 (*No default*), Clause 20.10 (*No Misleading Information*), paragraphs (b) and (c) of Clause 20.11 (*Financial Statements*), Clause 20.14 (*Anti-Corruption Laws and Sanctions*), Clause 20.19 (*Good title to assets*), Clause 20.20 (*Legal and beneficial ownership*), Clause 20.21 (*Shares*), Clause 20.27 (*Centre of main interests and establishments*) and Clause 20.30 (*Money Laundering Act*).

“**Representative**” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“**Resignation Letter**” means a letter substantially in the form set out in Schedule 7 (*Form of Resignation Letter*).

“**Restricted Group**” means the Parent and the Restricted Subsidiaries.

“**Restricted Subsidiary**” means a Subsidiary of the Parent other than an Unrestricted Subsidiary.

“**Right to Collect Account**” means a sub-performing or charged-off consumer account, consumer instalment loan or any other consumer account or non-consumer debt or account that is owned by a person that is not a member of the Restricted Group (a “**Third Party**”) and in respect of which the Restricted Group is entitled to collect and retain substantially all of the amounts due under such account, debt or loan or to receive amounts equivalent thereto.

“**Sanctioned Country**” means, at any time, a country or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Sudan and Syria).

“**Sanctions**” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

**“Sanctioned Person”** means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or by the United Nations, H.M. Treasury, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons.

**“Screen Rate”** means:

- (a) in relation to EURIBOR, the interbank offered rate administered by the Banking Federation of the European Union (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate);
- (b) in relation to LIBOR, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on page LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate);

or, in each case, on the appropriate page of, or as may otherwise be available on, such other information service which publishes that rate from time to time.

**“Secured Parties”** means each Finance Party from time to time party to this Agreement and any Receiver or Delegate.

**“Security”** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**“Securities Act”** means the U.S. Securities Act of 1933, as amended.

**“Seller”** means each of the “Sellers” as defined in the Acquisition Agreement.

**“Senior Secured Notes”** has the meaning given to such term in the Engagement Letter.

**“Solicitation Agent”** means J.P. Morgan Securities plc or one of its Affiliates, appointed to act as solicitation agent in the Consent Solicitation as contemplated by the Engagement Letter.

**“Specified Time”** means a time determined in accordance with Schedule 9 (*Timetables*).

**“Sponsor Affiliate”** means the Investors and each of their respective Affiliates, any trust of which any of the Investors or any of their respective Affiliates are a trustee, any partnership of any of the Investors or any of their respective Affiliates is a partner and any trust, fund or other entity which is managed by, or is directly or indirectly under the control of, any of the Investors or any of their respective Affiliates *provided that* any such trust partnership fund, or other entity which has been established for at least six (6) Months for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, partnerships, funds, or other entities managed or controlled by any of the Investors or any of their respective Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute a Sponsor Affiliate.

“**Subordinated Liabilities**” has the meaning given to that term in the Intercreditor Agreement.

“**Subsidiary**” means in relation to any person, any entity which is controlled directly or indirectly by that person and any entity (whether or not so controlled) treated as a subsidiary in the latest financial statements of that person from time to time, and “control” for this purpose means the direct or indirect ownership of the majority of the voting share capital of such entity or the right or ability to determine the composition of a majority of the board of directors (or like board) of such entity, in each case whether by virtue of ownership of share capital, contract or otherwise.

“**Super Majority Lenders**” means at any time a Lender or Lenders whose Commitments aggregate 85 per cent. or more of the Total Commitments or, if the Total Commitments have been reduced to zero, aggregate 85 per cent. or more of the Total Commitments immediately prior to that reduction.

“**Target**” means Marlin Financial Group Limited, a private limited liability company incorporated under the laws of England and Wales with company registration number 07195881 and with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP.

“**TARGET Day**” means any day on which TARGET2 is open for the settlement of payments in euro.

“**Target Group**” means the Target and each of its Subsidiaries.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

“**Tax**” or “**Taxes**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty, interest or other additional amount payable in connection with any failure to pay or any delay in paying any of the same).

“**Tax Structure Report**” means the paper entitled “Proposed transaction steps” prepared by Deloitte in relation to the Acquisition dated 6 February 2014 addressed to/along with reliance letters provided to the Finance Parties.

“**Term Loan**” means a Facility A Term Loan or a Facility B Term Loan.

“**Termination Date**” means, with respect to the Initial Loans, the Initial Maturity Date and, with respect to the Term Loans, the Final Maturity Date.

“**Total Cap**” means in respect of any Loan, Exchange Note or Unpaid Sum (a) 8.375% per annum or (b) if the issuance of the Senior Secured Notes or completion of any other Financing (as defined in the Engagement Letter) has not been completed and the Loans repaid and the Total Commitments cancelled in full on or before 24 March 2014, 8.625% per annum or (c), notwithstanding clause (b), in the event that consent to the amendments and waivers sought in the Consent Solicitation is not obtained and the Reorganisation (as defined below) has not been consummated by 24 March 2014, 9.625% per annum.

“**Total Commitments**” means the sum of (a) the aggregate of Facility A Total Commitments, (b) the aggregate of Facility B Total Commitments and (c) the aggregate of Incremental Facility Total Commitments.

“**Transaction Documents**” means the Finance Documents, the Acquisition Documents and the Constitutional Documents.

“**Transaction Security**” means the Security created or expressed to be created in respect of the obligations of any of the Obligors under any of the Finance Documents pursuant to the Transaction Security Documents.

“**Transaction Security Documents**” means each of:

- (a) the Transaction Security Documents as defined in the Intercreditor Agreement as at the date hereof;
- (b) any document required to be delivered to the Agent under paragraph 2(f) Part I Schedule 2 (*Conditions Precedent and Conditions Subsequent*);
- (c) the documents listed as being Transaction Security Document in Part III of Schedule 2 (*Conditions Precedent and Conditions Subsequent*); and
- (d) any other document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents.

“**Transfer Certificate**” means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Parent.

“**Transfer Date**” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

“**Treasury Transactions**” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under the Finance Documents (in the case of the Transaction Security Documents, in connection with the Facilities and/or this Agreement only).

“**Unrestricted Subsidiary**” has the meaning given to it in Schedule 11 (*Restrictive Covenants*).

“**U.S. dollars**”, “**\$**” and dollars denote lawful currency of the United States of America.

“**USA PATRIOT Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 of the United States.

“**Utilisation**” means a Loan.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“**Utilisation Request**” means a notice substantially in the relevant form set out in Schedule 3 (*Utilisation Request*).

“**VAT**” means value added tax as provided for in Council Directive 2006/112/EC, as amended, on the common system of value added tax and any other tax of a similar nature (including goods and services tax) wherever imposed.

## 1.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement to:

- (i) the “**Agent**”, any “**Arranger**”, any “**Exchange Note Trustee**”, any “**Finance Party**”, any “**Lender**”, any “**Obligor**”, any “**Party**”, any “**Secured Party**”, the “**Security Agent**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;
- (ii) a document in “**agreed form**” is a document which is previously agreed in writing by or on behalf of the Parent and the Agent;
- (iii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iv) except as otherwise provided, a “**Finance Document**” or a “**Transaction Document**” or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
- (v) “**guarantee**” means (other than in Clause 19 (*Guarantee and Indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

- (vi) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
  - (vii) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
  - (viii) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law (but if not having the force of law, which is binding or customarily complied with)) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
  - (ix) “**principal**” of a Loan or Exchange Note at any time means the principal of such Loan or Exchange Note plus (in the case of an Exchange Note) the premium, if any, payable on such Exchange Note that is due or overdue or is to become due at such time;
  - (x) a provision of law is a reference to that provision as amended or re-enacted; and
  - (xi) a time of day is a reference to London time.
- (b) Section, Clause and Schedule headings are for ease of reference only.
  - (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
  - (d) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived. An Event of Default is “**continuing**” if it has not been remedied or waived.
  - (e) Unless specifically provided to the contrary, a reference to a Subsidiary or Material Subsidiary of a member of the Restricted Group excludes each Unrestricted Subsidiary.

### 1.3 Third party rights

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

#### 1.4 **Intercreditor Agreement**

This Agreement is subject to the Intercreditor Agreement and in the event of any inconsistency between this Agreement and the Intercreditor Agreement, the Intercreditor Agreement shall prevail.

## 2. **THE FACILITIES**

### 2.1 **The Facilities**

- (a) Subject to the terms of this Agreement, the Facility A Lenders make available to the Original Borrower a senior secured bridge facility to be drawn in Sterling in an aggregate amount equal to the Facility A Total Commitments (the "**Facility A**").
- (b) Subject to the terms of this Agreement, the Facility B Lenders make available to the Original Borrower a senior secured bridge facility to be drawn in Sterling in an aggregate amount equal to the Facility B Total Commitments (the "**Facility B**").

### 2.2 **Increase**

- (a) The Parent may by giving prior notice to the Agent by no later than the date falling 20 Business Days after the effective date of a cancellation of:
  - (i) the Available Commitments of a Defaulting Lender in accordance with Clause 7.5 (*Right of cancellation in relation to a Defaulting Lender*); or
  - (ii) the Commitments of a Lender in accordance with Clause 7.1 (*Illegality*) or Clause 8.1 (*Change of Control*).

request that the Total Commitments be increased (and the Total Commitments shall be so increased) in an aggregate amount of up to the amount of the Available Commitments or Commitments so cancelled as follows:

- (iii) the increased Commitment will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an "**Increase Lender**") selected by the Parent (each of which shall not be a Sponsor Affiliate or a member of the Restricted Group and which is further acceptable to the Agent (acting reasonably)) and each of which confirms its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
- (iv) each of the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;

- (v) each Increase Lender shall become a Party as a “Lender” and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;
  - (vi) the Commitments of the other Lenders shall continue in full force and effect; and
  - (vii) any increase in the Total Commitments shall take effect on the date specified by the Parent in the notice referred to above or any later date on which the conditions set out in paragraph (b) below are satisfied.
- (b) An increase in the Total Commitments will only be effective on:
- (i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender which the Agent shall execute promptly on receipt; and
  - (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase:
    - (A) the Increase Lender entering into the documentation required for it to accede as a party to the Intercreditor Agreement; and
    - (B) the performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender, the completion of which the Agent shall promptly notify to the Parent and the Increase Lender.
- (c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (d) Unless the Agent otherwise agrees or the increased Commitment is assumed by an existing Lender, the Parent shall, on the date upon which the increase takes effect, pay to the Agent (for its own account) a fee of £2,000 and the Parent shall promptly on demand pay the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by either of them and, in the case of the Security Agent, by any Receiver or Delegate in connection with any increase in Commitments under this Clause 2.2.
- (e) The Parent may pay to the Increase Lender a fee in the amount and at the times agreed between the Parent and the Increase Lender in a Fee Letter.



- (f) Clause 26.5 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this Clause 2.2 in relation to an Increase Lender as if references in that Clause to:
- (i) an “**Existing Lender**” were references to all the Lenders immediately prior to the relevant increase;
  - (ii) the “**New Lender**” were references to that “**Increase Lender**”; and
  - (iii) a “**re-transfer**” and “**re-assignment**” were references to respectively a “transfer” and “assignment”.

### 2.3 Incremental Increase in Commitments

- (a) Subject to this Clause 2.3, the Parent may at any time and from time to time on or after the date of this Agreement but prior to the earlier of (i) the Conversion Date and (ii) the Refinancing Date, request an Incremental Facility Commitment by delivering to the Agent a duly completed Incremental Facility Increase Notice not later than 10 Business Days’ (or such shorter period as the Agent and the Parent may agree) prior to the proposed date for the commencement of the availability period in respect of the Incremental Facility Commitments so requested.
- (b) Each Incremental Facility Increase Notice shall specify the following matters:
- (i) the identity of each Lender or other bank, financial institution, trust, fund or other entity (each, an “**Incremental Facility Lender**”) selected by the Parent (each of which shall not be a Sponsor Affiliate or a member of the Restricted Group) that is willing to assume all of the obligations of a Lender corresponding to an Incremental Facility Commitment;
  - (ii) the aggregate amount of the Incremental Facility Commitments requested (the “**Request Amount**”), which amount must comply with paragraph (e) below;
  - (iii) the proposed Availability Period in respect of the requested Incremental Facility Commitments which shall expire on a date no later than the earlier of (i) the Conversion Date and (ii) the Refinancing Date;
  - (iv) the identities of the Borrower(s) in respect of the requested Incremental Facility Commitments;
  - (v) the currency or currencies in which the Incremental Facility Commitments may be drawn; and
  - (vi) the purpose of the Incremental Facility Commitment, which shall be the (A) repayment of amounts drawn under the Cabot RCF Agreement used to fund the purchase price under the Acquisition Agreement and/or the Change of Control Offers (if any) and any related costs and expenses and the (B) funding of a Permitted Acquisitions of Portfolio Accounts,

and shall be validly delivered only if executed by the Parent, the Borrower in relation to the Incremental Facility Commitment, and each applicable Incremental Facility Lender.

- (c) No existing Lender shall (unless otherwise agreed by that Lender) be obliged to provide any Incremental Facility Commitment but the Original Lenders (if at that time still a Lender) shall be given the option to provide Incremental Facility Commitments (*pro rata to their Facility A Total Commitments as at the date of this Agreement*) before other potential lenders are approached.
- (d) If within 5 Business Days after a notice of the Parent containing the proposed terms on which the Incremental Facility Commitments are to be provided is delivered to the relevant Original Lender, the relevant Original Lender does not confirm its acceptance of the proposed terms in writing, the option of that Lender to provide Incremental Facility Commitments in respect of that request shall lapse.
- (e) The Parent may request Incremental Facility Commitments not exceeding £80,000,000 in aggregate.
- (f) All Incremental Facility Commitments shall be made available on the same terms (other than with respect to the Availability Period which shall comply with paragraph b(iii) above) including as to guarantee, ranking, *pro rata* sharing security, margin, fees and Termination Date as are applicable to Facility A.
- (g) Following the delivery of an Incremental Facility Increase Notice, the requested Incremental Facility Commitments shall become effective on the later of:
  - (i) the execution by the Agent of the Incremental Facility Increase Notice (pursuant to which the aggregate amount of the Relevant Commitments (as defined therein) is equal to or greater than the Request Amount). The Agent shall, subject to paragraph (iii)(B) below, as soon as reasonably practicable after receipt by it of a duly completed Incremental Facility Increase Notice appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Incremental Facility Increase Notice;
  - (ii) confirmation from the Parent signed by a director (along with supporting calculations) of compliance with the Incremental Facility Restrictions; and
  - (iii) in relation to an Incremental Facility Lender which is not a Facility A Lender immediately prior to the relevant increase, the later of:
    - (A) the Incremental Facility Lender entering into the documentation required for it to accede as a party to the Intercreditor Agreement as a Lender under this Agreement; and

- (B) the performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption by the Incremental Facility Lender of the relevant Incremental Facility Commitments, the completion of which the Agent shall promptly notify to the Parent and the Incremental Facility Lender.
- (h) The introduction of Incremental Facility Commitments pursuant to this Clause 2.3 shall occur as follows:
- (i) each Incremental Facility Commitment will be assumed by the relevant Incremental Facility Lender, each of whom confirms its willingness to assume and does assume all of the obligations of a Lender corresponding to that part of the Incremental Facility Commitments which it is to assume, as if it had been an Original Lender;
  - (ii) each of the Obligors and each Incremental Facility Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Incremental Facility Lender would have assumed and/or acquired had the Incremental Facility Lender been an Original Lender;
  - (iii) to the extent not already a Party as a Lender, each Incremental Facility Lender shall become a Party as a Lender and each Incremental Facility Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Incremental Facility Lender and those Finance Parties would have assumed and/or acquired had the Incremental Facility Lender been an Original Lender;
  - (iv) the Commitments of the other Lenders shall continue in full force and effect; and
  - (v) the increase in the Incremental Facility Commitments and the Total Commitments shall take effect on the Incremental Facility Increase Date.
- (i) Each Incremental Facility Lender, by executing the Incremental Facility Commitment Increase Notice, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the Incremental Facility Increase Date in order to implement the Incremental Facility Commitment Increase, with any such amendment or waiver to take effect on the Incremental Facility Increase Date.
- (j) The Parent shall promptly on demand pay the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by either of them and, in the case of the Security Agent, by any Receiver or Delegate in connection with any increase in Commitments under this Clause 2.3.

- (k) The Parent shall pay to an Incremental Facility Lender a fee in the amount and at the times agreed between the Parent and that Incremental Facility Lender in a Fee Letter.
- (l) On and from the Incremental Facility Increase Date this Agreement shall be amended, read and construed as if the Incremental Facility Lenders were party hereto with an Incremental Facility Commitment or Incremental Facility Commitments as detailed in the Incremental Facility Increase Notice.
- (m) Any amounts payable to the Lenders by any Obligor on or before an Incremental Facility Increase Date (including, without limitation, all interest, fees and commission payable up to (but excluding) that Incremental Facility Increase Date) in respect of any period ending on or prior to that Incremental Facility Increase Date shall be for the account of the Lenders prior to such Incremental Facility Increase Date and no Incremental Facility Lender shall have any interest in, or any rights in respect of, any such amount (save in respect of their Commitments up to (but excluding) that Incremental Facility Increase Date).
- (n) Each Lender authorises the Agent to execute on its behalf:
  - (i) any Incremental Facility Increase Notice delivered to it pursuant to this Clause 2.3 (to the extent such Lender agrees to provide a Relevant Commitment under and as defined in such Incremental Facility Increase Notice); and
  - (ii) any amendments required to the Finance Documents that are consequential on, incidental to or required to implement or reflect the introduction of Incremental Facility Commitments pursuant to this Clause 2.3.

#### **2.4 Finance Parties' rights and obligations**

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

## 2.5 **Obligors' Agent**

- (a) Each Obligor (other than the Parent) by its execution of this Agreement or an Accession Deed irrevocably appoints the Parent to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
  - (i) the Parent on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including, in the case of a Borrower, the Utilisation Requests), to execute on its behalf any Accession Deed, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
  - (ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Parent, and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.
- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

## 3. **PURPOSE**

### 3.1 **Purpose**

- (a) Each Borrower shall apply all amounts borrowed by it under Facility A towards financing, in full or in part, purchase price for the Acquisition and the payment of costs, fees and expenses (including, without limitation, legal fees and expenses) incurred in connection with the Acquisition and the Transaction Documents.
- (b) Each Borrower shall apply all amounts borrowed by it under Facility B towards financing, in full or in part, the Change of Control Offers (as that term is defined in the Existing Target Note Indenture).

- (c) Each Borrower shall apply all amounts borrowed by it under the Incremental Facility towards the purpose specified in the Incremental Facility Increase Notice relating to the relevant Incremental Facility Total Commitment.

### 3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

## 4. **CONDITIONS OF UTILISATION**

### 4.1 **Initial conditions precedent for the Loans**

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to any Utilisation if on or before the first Utilisation Date, the Agent has received or is satisfied it will receive all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) in form and substance satisfactory to the Agent (acting reasonably). The Agent shall notify the Parent and the Lenders promptly upon being so satisfied.

### 4.2 **Facility B Utilisation Certification**

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to a Utilisation under Facility B if on or prior to the date of the Utilisation Request the Parent has delivered to the Agent a certificate signed by a director of the Parent confirming that:

- (a) without undue delay after receipt by the Borrower of the Initial Facility B Term Loan, it shall make payment in full of the amounts payable under the Change of Control Offer (as defined in the Engagement Letter); and
- (b) notice of the Change of Control Offers (as defined in the Commitment Letter) was delivered to the holders of the Existing Target Notes and to the trustee under the Existing Target Notes in accordance with, and subject to, the terms of the Existing Target Notes which shall have established the earliest possible Change of Control Repayment Date following the CoC Amendment Deadline in each case pursuant to and in accordance with the terms of the Existing Target Notes and the Engagement Letter and Rule 14e-1 under the Exchange Act.

### 4.3 **Further conditions precedent**

Subject to Clause 4.1 (*Initial conditions precedent for the Loan*), the Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*), in relation to a Utilisation other than one to which Clause 4.6 (*Utilisations during the Certain Funds Period*) applies, if on the date of the Utilisation Request and on the proposed Utilisation Date unless the Majority Lenders and the Parent agree otherwise:

- (a) no Event of Default is continuing or would result from the proposed Utilisation; and

- (b) in relation to the initial Utilisation, all the representations and warranties in Clause 20 (*Representations*) or, in relation to any other Utilisation, the Repeating Representations to be made by each Obligor, by reference to the facts and circumstances then existing are true and correct in all material respects (to the extent not already subject to materiality) and will be true and correct in all material respects (to the extent not already subject to materiality) immediately after the making of the relevant Utilisation.

#### 4.4 **Conditions relating to Optional Currencies**

- (a) A currency will constitute an Optional Currency in relation to a Utilisation if:
  - (i) it is readily available in the amount required and freely convertible into the Base Currency in the Relevant Interbank Market on the Quotation Day and the Utilisation Date for that Utilisation; and
  - (ii) it is euros or U.S. dollars, or any other currency approved by the Agent (acting on the instructions of all the Lenders).
- (b) If the Agent has received a written request from the Parent for a currency to be approved under paragraph (a)(ii) above, the Agent will confirm to the Parent by the Specified Time:
  - (i) whether or not all Lenders have granted their approval; and
  - (ii) if approval has been granted, the minimum amount for any subsequent Loan in that currency.

#### 4.5 **Maximum number of Utilisations**

A Borrower (or the Parent) may not deliver a Utilisation Request if as a result of the proposed Utilisation:

- (a) more than one (1) Loan under Facility A would be outstanding;
- (b) more than one (1) Loan under Facility B would be outstanding; or
- (c) more than two (2) Incremental Facility Loans would be outstanding.

#### 4.6 **Utilisations during the Certain Funds Period**

- (a) Subject to Clause 4.1 (*Initial conditions precedent to the Loan*) and Clause 4.2 (*Facility B Utilisation Certification*) in respect only of Facility B, but and notwithstanding Clause 4.3 (*Further conditions precedent*), during the applicable Certain Funds Period, a Lender will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to a Certain Funds Utilisation if on date of the Utilisation Request and on the proposed Utilisation Date:
  - (i) no Major Default is continuing or would result from the proposed Certain Funds Utilisations;

- (ii) all the Major Representations are true in all material respects (or, to the extent a materiality test applies, in all respects); and
  - (iii) no Change of Control has occurred.
- (b) During the applicable Certain Funds Period (save in circumstances where, pursuant to paragraph (a) above, a Lender is not obliged to comply with Clause 5.4 (*Lenders' participation*) and subject as provided in Clause 7.1 (*Illegality*)), none of the Finance Parties shall be entitled to:
- (i) cancel any of its Commitments to the extent to do so would prevent or limit the making of a Certain Funds Utilisation;
  - (ii) rescind, terminate or cancel this Agreement or any Facility or exercise any similar right or remedy or make or enforce any claim under the Finance Documents it may have to the extent to do so would directly or indirectly prevent or limit the making of a Certain Funds Utilisation;
  - (iii) refuse to participate in the making of a Certain Funds Utilisation;
  - (iv) exercise any right of set-off or counterclaim or similar right or remedy which it may exercise in respect of a Utilisation to the extent to do so would prevent or limit the making of a Certain Funds Utilisation; or
  - (v) cancel, accelerate or cause repayment or prepayment of any amounts owing under this Agreement or under any other Finance Document to the extent to do so would prevent or limit the making of a Certain Funds Utilisation,

provided that immediately upon the expiry of the applicable Certain Funds Period all such rights, remedies and entitlements shall be available to the Finance Parties notwithstanding that they may not have been used or been available for use during the applicable Certain Funds Period.

#### 4.7 Lending Affiliates

- (a) Each Lender may discharge its obligations in respect of a Utilisation under this Agreement by nominating one or more branches or affiliates to participate in that Utilisation, **provided that** such branch or affiliate is not incorporated or established, and does not carry on business, in a jurisdiction that is a Sanctioned Country or is a Competitor.
- (b) A Lender may nominate a branch or affiliate to participate in one or more Utilisations:
  - (i) in respect of an Original Lender, in this Agreement; or
  - (ii) in the Transfer Certificate or Assignment Agreement (as applicable) pursuant to which such Lender becomes party to this Agreement.



- (c) Any branch or affiliate nominated by a Lender to participate in a Utilisation shall:
  - (i) participate in compliance with the terms of this Agreement; and
  - (ii) be entitled, to the extent of its participation, to all the rights and benefits of a Lender under the Finance Documents **provided that** such rights and benefits shall be exercised on its behalf by its nominating Lender save where law or regulation requires the branch or affiliate to do so.
- (d) Each Lender shall remain liable and responsible for the performance of all obligations assumed by a branch or affiliate on its behalf and non-performance of a Lender's obligations by its branch or affiliate shall not relieve such Lender from its obligations under this Agreement.
- (e) Any notice or communication to be made to a branch or an affiliate of a Lender pursuant to this Agreement:
  - (i) may be served directly upon the branch or affiliate, at the address supplied to the Agent by the nominating Lender pursuant to its nomination of such branch or affiliate, where the Lender or the relevant branch or affiliate requests this; or
  - (ii) may be delivered to the lending office of the Lender.
- (f) If a Lender nominates an affiliate, that Lender and that affiliate:
  - (i) will be treated as having a single Commitment but for all other purposes other than those referred to in paragraphs (d) and (e)(ii) above will be treated as separate Lenders; and
  - (ii) will be regarded as a single Lender for the purpose of (A) voting in relation to any matter or (B) compliance with Clause 26 (*Changes to the Lenders*).

## 5. UTILISATION – LOANS

### 5.1 Delivery of a Utilisation Request

A Borrower (or the Parent on its behalf) may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

### 5.2 Completion of a Utilisation Request for Loans

- (a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:
  - (i) it identifies the Facility to be utilised;
  - (ii) it identifies the relevant Borrower;

- (iii) the proposed Utilisation Date is a Business Day within the applicable Availability Period;
  - (iv) the amount and currency of the Utilisation complies with Clause 5.3 (*Currency and amount*); and
  - (v) the proposed Interest Period complies with Clause 11 (*Interest Periods*).
- (b) Only one Loan may be requested in each Utilisation Request, and a Facility may be utilised once.

### 5.3 **Currency and amount**

- (a) The currency specified in a Utilisation Request must, in relation to a Utilisation of Facility A or Facility B, be the Base Currency or, in relation to a Utilisation of the Incremental Facility, be the Base Currency or an Optional Currency.
- (b) The amount of the proposed Utilisation must be:
- (i) for Facility A, £105,000,000 or, if less, the relevant Available Facility;
  - (ii) for Facility B, £151,500,000 or, if less, the relevant Available Facility; or
  - (iii) for the Incremental Facility, in a minimum amount of £40,000,000 (or the Base Currency equivalent) or, if less, the relevant Available Facility.

### 5.4 **Lenders' participation**

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in the Loan available on the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in the Loan under a Facility will be equal to the proportion borne by its Available Commitment to the applicable Available Facility, in each case, in relation to that Facility, immediately prior to making the Loan.
- (c) The Agent shall determine the Base Currency Amount of each Loan which is to be made in an Optional Currency and notify each Lender of the amount, currency and the Base Currency Amount of each Loan, the amount of its participation in that Loan and, if different, the amount of that participation to be made available in cash by the Specified Time.

### 5.5 **Limitations on Utilisations**

- (a) Facility A may only be utilised on the Acquisition Closing Date.
- (b) Facility B may only be utilised on the Change of Control Repayment Date.

## 5.6 Cancellation of Commitment

The applicable Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the applicable Availability Period.

## 6. REPAYMENT

### 6.1 Repayment of Initial Loans

- (a) Subject to Clause 6.2 (*Mandatory Extension of Initial Loans into Term Loans*), the Borrower shall repay the aggregate outstanding amount of the Initial Loans on the Initial Maturity Date.
- (b) The Borrower may not reborrow any part of the Facilities which is repaid.

### 6.2 Mandatory Extension of Initial Loans into Term Loans

- (a) Each Lender shall be required to extend the Termination Date of its Initial Loans pursuant to paragraph (c) below if, on the Initial Maturity Date, any Initial Loan has not been repaid in full and no Extension Default exists and is continuing.
- (b) If, on the Initial Maturity Date, an Extension Default exists as to which a cure period is applicable under Clause 24 (*Events of Default*) but has not then expired, the Initial Maturity Date shall be automatically extended until the earlier of:
  - (i) the expiration of such cure period without cure of such Extension Default (in which case the Loan shall become immediately due and payable on the last day of such cure period); or
  - (ii) the cure or waiver of such Extension Default on or before the last day of the applicable cure period.
- (c) If either:
  - (i) the conditions specified in paragraph (a) are satisfied on the Initial Maturity Date;
  - (ii) the requirements of paragraph (b)(ii) are satisfied; or
  - (iii) a Demand Failure Event occurs,the Termination Date of the Initial Loans shall be extended (with effect from the Initial Maturity Date, with respect to paragraphs (i) and (ii) and with immediate effect from the occurrence of a Demand Failure Event, with respect to paragraph (iii)) to the Final Maturity Date without requirement of any action from the Finance Parties, and such loans shall thereafter be Term Loans under and governed by this Agreement.
- (d) Upon any extension of the Termination Date of the Initial Loans under this Clause 6.2, any Incremental Facility Loans shall cease to be designated as Incremental Facility Loans and shall be redesignated as Facility A Term Loans.

- (e) No Event of Default shall be deemed to have occurred solely as a result of the Borrower not having repaid the Initial Loans on the Initial Maturity Date other than if an Extension Default exists and is continuing on such date or from the occurrence of a Demand Failure Event but any Event of Default which exists or is continuing as to the Initial Maturity Date or on the date of a Demand Failure Event shall continue to be outstanding until remedied or waived in accordance with the terms of this Agreement.

### 6.3 Repayment of Term Loans

The Borrower shall repay the aggregate outstanding amount of Term Loans on the Final Maturity Date.

## 7. ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION

### 7.1 Illegality

If after the date of this Agreement (or, if later, the date the relevant Lender becomes a Party) it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Utilisation:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Parent, the Commitments of that Lender will be immediately cancelled; and
- (c) each Borrower shall repay that Lender's participation in the Utilisations made to that Borrower or procure the transfer of that Lender's participation at par to another Lender willing to accept such transfer on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Parent or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

### 7.2 Voluntary cancellation

The Parent may, if it gives the Agent not less than five (5) Business Days (or such shorter period as the Agent (acting on the instruction of the Majority Lenders) may agree) prior notice, cancel the whole or any part (being a minimum amount of £1,000,000 and an integral multiple of £1,000,000) of an Available Facility. Any cancellation under this Clause 7.2 shall reduce the Commitments of the Lenders rateably under that Facility.

### 7.3 Voluntary prepayment of Loans

- (a) Unless paragraph (b) below applies, a Borrower may, if it or the Parent gives the Agent not less than two (2) Business Days' prior notice, prepay the whole or any part of a Loan at a price equal to 100 per cent. of the principal amount thereof plus accrued and unpaid interest to the date of repayment.

- (b) If a Demand Failure Event has occurred, a Borrower may on 1 August 2016 or thereafter, if it or the Parent gives the Agent not less than two (2) Business Days' notice, prepay the whole or any part of a Term Loan at a price equal to 100 per cent. of the principal amount thereof plus accrued and unpaid interest to the date of repayment plus a premium as specified below:

<b>Date</b>	<b>Premium</b>
From (and including) 1 August 2016 until (but excluding) 1 August 2017	75% of the Total Cap
From (and including) 1 August 2017 until (but excluding) 1 August 2018	50% of the Total Cap
From (and including) 1 August 2018 until (but excluding) 1 August 2019	25% of the Total Cap
From (and including) 1 August 2019 and thereafter	Zero

*provided that:*

- (i) prior to 1 August 2016, a Borrower may, if it or the Parent gives the Agent not less than two (2) Business Days' notice, prepay the whole or any part of a Term Loan at a price equal to 100 per cent. of the principal amount thereof plus accrued and unpaid interest to the date of repayment plus the Applicable Premium;
- (ii) prior to 1 August 2016, a Borrower may, if it or the Parent gives the Agent not less than two (2) Business Days' notice, prepay up to 35% of the principal amount of the relevant Term Loan with proceeds from an Equity Offering at a price equal to 100 per cent. of the principal amount thereof plus accrued and unpaid interest (if any) plus a premium in an amount of equal to the Total Cap within 120 days of such Equity Offering;
- (iii) a Borrower may, if it or the Parent gives the Agent not less than 30 days notice, prepay the relevant Term Loan in whole at a price equal to 100 per cent. of the principal amount thereof plus accrued and unpaid interest (if any) if as a result of:
  - (A) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a relevant jurisdiction affecting taxation which came into effect after the date of this Agreement; or

- (B) any change in, or amendment to, the application, administration or interpretation of such laws, regulations or rulings (including pursuant to a holding, judgment or order by a court of competent jurisdiction) of a relevant jurisdiction which came into effect after the date of this Agreement;
- (iv) a Borrower or Guarantor are, or on the next interest payment date in respect of the relevant Term Loan would be, required to pay any increased payment pursuant to Clause 14.2 (*Tax gross-up*), and such obligation cannot be avoided by taking reasonable measures available to the Borrowers or Guarantors (including, for the avoidance of doubt, in the case of a payment by a Guarantor, having a Borrower or another Guarantor make the payment, but not including transfer of the obligation to make payment with respect to the relevant Term Loan).

#### 7.4 **Right of cancellation and repayment in relation to a single Lender**

- (a) If:
  - (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (c) of Clause 14.2 (*Tax gross up*); or
  - (ii) any Lender claims indemnification from the Parent or an Obligor under Clause 14.3 (*Tax indemnity*) or Clause 15.1 (*Increased costs*), the Parent may, whilst the circumstance giving rise to the requirement for that increase, indemnification or consent continues, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations.
- (b) On receipt of a notice referred to in paragraph (a) above in relation to a Lender, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Parent has given notice under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Parent in that notice), each Borrower to which a Utilisation is outstanding shall repay that Lender's participation in that Utilisation together with all interest and other amounts accrued under the Finance Documents (in the case of the Transaction Security Documents, in connection with the Facilities and/or this Agreement only).

#### 7.5 **Right of cancellation in relation to a Defaulting Lender**

- (a) If any Lender becomes a Defaulting Lender, the Parent may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent five (5) Business Days' notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.

(c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

#### 7.6 Automatic Cancellation

The Commitments under Facility A, Facility B or the Incremental Facility, as the case may be, which are unutilised shall be immediately cancelled at the end of the applicable Availability Period with respect to the relevant Facility.

### 8. MANDATORY PREPAYMENT

#### 8.1 Change of Control

- (a) Subject to paragraph (b) below, upon the occurrence of a Change of Control, each Lender will have the right to require the Original Borrower, and the Original Borrower must in turn, offer to prepay all or any part of the principal amount of such Lender's Loans pursuant to the offer described below (the "**Change of Control Offer**") at a repayment price in cash equal to 101 per cent. of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of prepayment (collectively, the "**Change of Control Payment**"). Promptly upon becoming aware and in any event within 60 days following any Change of Control, the Original Borrower (or the Parent on its behalf) will notify the Agent of the Change of Control, which notice shall describe the transactions that constituted the Change of Control and the Original Borrower shall offer to repay the Loans on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is made or delivered (the "**Change of Control Prepayment Date**"), pursuant to the procedures set forth in paragraph (i) and (ii) below:
- (i) The Agent shall promptly notify the Lenders of any notice received by it pursuant to paragraph (a) above (the "**Change of Control Notice**"). The Change of Control Offer shall remain open from the time of notification of the Agent pursuant to paragraph (a) above until the Change of Control Prepayment Date. The Change of Control Notice shall contain all instructions and material reasonably necessary to enable a Lender to elect whether or not to be prepaid pursuant to the Change of Control Offer.
  - (ii) On the Change of Control Prepayment Date, the Original Borrower shall:
    - (A) repay all Loans or portions thereof of each Lender that has properly elected to be repaid pursuant to the Change of Control Offer by making a Change of Control Payment for each such Loan (or portion thereof) elected to be prepaid; and
    - (B) notify the Agent of the results of the Change of Control Offer on or as soon as practicable after the Change of Control Prepayment Date.

- (b) The Original Borrower will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth herein applicable to a Change of Control made by the Original Borrower and purchases all Loans validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

## 8.2 Equity Proceeds

- (a) On or after the date of this Agreement (unless a Demand Failure Event has occurred), upon the receipt of Net Cash Proceeds from the issuance or sale of Capital Stock by the Parent (other than Equity Proceeds received with respect to any issue or sale of Capital Stock to the Investors or any Sponsor Affiliate or pursuant to any management or employee incentive plan):
  - (i) the Borrower will promptly notify the Agent upon becoming aware of that event; and
  - (ii) the Borrower will ensure that an amount equal to the Equity Proceeds is applied in prepayment of the Loans outstanding under this Agreement) pro rata to the amounts thereof, provided that such amount shall not be required to be applied in prepayment of the Loans if such payment is prohibited under the Intercreditor Agreement.

## 8.3 Debt Financing

- (a) For the purposes of this Clause 8.3:

“**Excluded Financing Proceeds**” means any Net Cash Proceeds of:

- (i) any drawings under the Incremental Facility, the Facility B or under the Cabot RCF Agreement in the form (and with the commitment) as at the date of the Commitment Letter; and
- (ii) any debt incurred under clauses (b), (c), (d) (except for sub-clause (iii) thereof), (e), (f), (g), (h), (i) or (k) of paragraph 1.2 of Schedule 11 (*Restrictive Covenants*).

“**Financing**” has the meaning given to such term in the Engagement Letter.

“**Financing Proceeds**” means the Net Cash Proceeds of any debt financing (including debt convertible or exchangeable into Capital Stock) raised by the Borrower or any of its Subsidiaries after the date of this Agreement, except for Excluded Financing Proceeds.

- (b) Unless a Demand Failure Event has occurred, the Borrower shall, unless prohibited by the Intercreditor Agreement, prepay Loans in an amount equal to 100% of the amount of Financing Proceeds.



#### 8.4 Take-Out Financing

An amount equal to 100% of the Net Cash Proceeds of any Permanent Financing (as defined in the Engagement Letter) (or such lesser amount sufficient to prepay the outstanding amounts due on the Loans) shall be promptly applied towards the prepayment of the Loans.

#### 8.5 Restrictions on prepayment

- (a) The provisions of Clauses 8.1 (*Change of Control*), 8.2 (*Equity Proceeds*) and 8.3 (*Debt Financing*) are subject to the terms of the Intercreditor Agreement as in effect at the date of this Agreement. Any amount which would otherwise be required by such provisions to be applied in prepayment of the Loans shall only be so applied (notwithstanding the relevant provision of this Agreement) if and to the extent that it is permitted under the Intercreditor Agreement as in effect at the date of this Agreement.
- (b) Any amount which would otherwise be required by Clauses 8.2 (*Equity Proceeds*) and 8.3 (*Debt Financing*) to be applied in prepayment of the Loans shall be reduced by any requirement to make proportional offers to purchase the 2020 Notes and other *pari passu* Indebtedness as are in the 2020 Notes, pursuant to the terms of the 2020 Note Indenture as in effect at the date of this Agreement.

#### 8.6 Application of mandatory prepayments

- (a) Prepayments and cancellations made pursuant to this Clause 8 (*Mandatory Prepayment*) shall be applied in the following order:
  - (i) first in prepayment of the Loans (and the Loans will be prepaid rateably); and
  - (ii) secondly, in cancellation of the Available Commitments (if any) (and Available Commitments of the Lenders will be cancelled rateably).
- (b) A prepayment which is to be applied to prepay the Loans under paragraph (a)(i) above shall be applied in amounts which reduce the Loans pro rata.

### 9. RESTRICTIONS

#### 9.1 Notices of Cancellation or Prepayment

Any notice of cancellation, prepayment, authorisation or other election given by any Party under Clause 7 (*Illegality, voluntary prepayment and cancellation*) shall (subject to the terms of that Clause) be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

9.2 **Interest and other amounts**

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and (subject to any Break Costs with respect to any prepayment prior to the Initial Maturity Date only and otherwise as specifically provided in this Agreement), without premium or penalty.

9.3 **No Reborrowing of the Facilities**

A Borrower may not reborrow any part of a Facility which is prepaid.

9.4 **Prepayment in accordance with Agreement**

No Borrower shall repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

9.5 **No reinstatement of Commitments**

Subject to Clause 2.2 (*Increase*), no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

9.6 **Agent's receipt of Notices**

If the Agent receives a notice under Clause 7 (*Illegality, voluntary prepayment and cancellation*), it shall promptly forward a copy of that notice or election to either the Parent or the affected Lender, as appropriate.

10. **INTEREST**

10.1 **Calculation of interest**

- (a) Subject to Clause 10.2 (*Interest Rate Cap*), the rate of interest on each Initial Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:
  - (i) Margin; and
  - (ii) LIBOR or, in relation to any Loan in euro, EURIBOR.
- (b) The rate of interest on each Term Loan for each Interest Period shall (excluding, for the avoidance of doubt, interest at the default rate as specified in Clause 10.4 (*Default Interest*)) be the Total Cap.

10.2 **Interest Rate Cap**

Notwithstanding anything contained in paragraph (a) of Clause 10.1 (*Calculation of interest*) or Clause 12 (*Changes to the Calculation of Interest*) but without prejudice to Clause 10.4 (*Default interest*), in no event shall the interest rate on the Initial Loans for any Interest Period exceed the Total Cap (excluding, for the avoidance of doubt, any interest at the default rate as specified in Clause 10.4 (*Default interest*)).

**10.3 Payment of interest**

The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period (and if the Interest Period is longer than three (3) Months, on the dates falling at three (3) Monthly intervals after the first day of the Interest Period).

**10.4 Default interest**

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 1 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 10.4 shall be immediately payable by the Obligor on demand by the Agent.
- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
  - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
  - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 1 per cent. per annum higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.
- (d) Notwithstanding anything to the contrary set forth herein, in no event shall any cap or limit on the interest rate payable with respect to the Loan affect the payment in cash of any default rate of interest in respect of the Loan under this Clause 10.4.

**10.5 Notification of rates of interest**

The Agent shall promptly notify the Lenders and the relevant Borrower (or the Parent) of the determination of a rate of interest under this Agreement.

**10.6 Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

11. **INTEREST PERIODS**

11.1 **Interest Periods**

- (a) Each Interest Period in respect of any Initial Loan will, save for as provided below in this Clause 11.1, be one (1) Month or three (3) Months (as selected by the Borrower).
- (b) Each Interest Period in respect of any Term Loan will, save for as provided below in this Clause 11.1, be one (1) Month or such other period agreed between the Parent and the Agent (acting on the instructions of all the Lenders in the relevant Facility).
- (c) An Interest Period for a Loan shall not extend beyond the relevant Termination Date.
- (d) Each Interest Period for a Loan shall start on the Utilisation Date or (if already made) the last day of the previous Interest Period.

12. **CHANGES TO THE CALCULATION OF INTEREST**

12.1 **Absence of quotations**

Subject to Clause 12.2 (*Market disruption*), if the Applicable Base Rate is to be determined by reference to the relevant Reference Banks but a relevant Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the Applicable Base Rate shall be determined on the basis of the quotations of the remaining Reference Banks.

12.2 **Market disruption**

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
  - (i) the Margin; and
  - (ii) (the rate notified to the Agent by that Lender as soon as practicable and in any event by close of business on the date falling three (3) Business Days after the Quotation Day (or, if earlier, on the date falling three (3) Business Days prior to the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.
- (b) If:
  - (i) the percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above is less than LIBOR or, in relation to any Loan in euro, EURIBOR; or

(ii) a Lender has not notified the Agent of a percentage rate per annum pursuant to paragraph (a)(ii) above, the cost to that Lender of funding its participation in that Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be LIBOR or, in relation to any Loan in euro, EURIBOR.

(c) In this Agreement:

“**Market Disruption Event**” means:

- (i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available (or, where applicable, it is not possible to calculate the Interpolated Screen Rate) and none or only one of the Reference Banks supplies a rate to the Agent to determine the Applicable Base Rate for the relevant currency and Interest Period; or
- (ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 35 per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of the Applicable Base Rate.

### 12.3 **Alternative basis of interest or funding**

- (a) If a Market Disruption Event occurs and the Agent or the Parent so requires, the Agent and the Parent shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Parent, be binding on all Parties.

### 12.4 **Break Costs**

- (a) With respect to payments prior to the Initial Maturity Date only, each Borrower shall, within three (3) Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable following a demand by the Agent, provide to the Agent (with a copy to the Parent) a certificate confirming the amount of its Break Costs (giving reasonable details of the calculation of its Break Costs) for any Interest Period in which they accrue.

13. **FEES**

13.1 **Fees**

The Parent shall pay (or procure the payment) of the fees as described in each Fee Letter subject to any rights of credit or rebate under the Fee Letter described in paragraph (a) of the definition thereof or such other relevant Fee Letter.

13.2 **Agent and Security Agent fees**

The Parent shall pay (or procure the payment) to the Agent and the Security Agent (in each case for its own account) a fee in the amount and at the times agreed in a Fee Letter.

13.3 **'No Deal, No Fee'**

Other than as expressly set out in a Fee Letter or any other Finance Document, no fees, commissions, costs or expenses (other than reasonable and properly incurred legal fees and expenses in connection with the drafting and the negotiating of the Finance Documents up to the amounts agreed between the Arrangers and the Parent and/or the Original Borrower) under any Finance Document shall be payable if the Closing Date does not occur (save for the Commitment Fee and other fees expressed to be so payable which shall, in accordance with and subject to the terms of the Fee Letter, also be payable in the event that Completion occurs but a Utilisation under Facility A or Facility B does not occur).

13.4 **Defaulting Lenders**

Unless otherwise agreed in writing by the Parent and notwithstanding anything to the contrary in the Finance Documents:

- (a) no commitment fee shall accrue (or be payable) on the Available Commitment of a Lender whilst that Lender is a Defaulting Lender; and
- (b) no other fees, costs or expenses shall, in each case, be payable to a Lender whilst that Lender is a Defaulting Lender (and the fees payable under the Finance Documents shall be reduced accordingly),

and each Lender agrees that it shall not be entitled to participate in the payment of any such fees, cost or expenses made while such Lender is a Defaulting Lender upon any distribution thereof under any Finance Document.

14. **TAX GROSS UP AND INDEMNITIES**

14.1 **Definitions**

In this Agreement:

**“Borrower DTTP Filing”** means an HMRC Form DTTP2 duly completed and filed by the relevant Borrower, which:

- (a) where it relates to a Treaty Lender that is an Original Lender, contains the scheme reference number and jurisdiction of tax residence stated opposite that Lender’s name in Part II of Schedule 1 (*The Original Parties*), and
  - (i) where the Borrower is an Original Borrower, is filed with HMRC within 30 days of the date of this Agreement; or
  - (ii) where the Borrower is an Additional Borrower, is filed with HMRC within 30 days of the date on which that Borrower becomes an Additional Borrower; or
- (b) where it relates to a Treaty Lender that is a New Lender or an Increase Lender, contains the scheme reference number and jurisdiction of tax residence stated in respect of that Lender in the relevant Transfer Certificate, Assignment Agreement or Increase Confirmation, and
  - (i) where the Borrower is a Borrower as at the relevant Transfer Date or date on which the increase in the Commitments described in the relevant Increase Confirmation takes effect, is filed with HMRC within 30 days of that Transfer Date or date on which the increase in the Commitments described in the relevant Increase Confirmation takes effect; or
  - (ii) where the Borrower is not a Borrower as at the relevant Transfer Date or date on which the increase in the Commitments described in the relevant Increase Confirmation takes effect, is filed with HMRC within 30 days of the date on which that Borrower becomes an Additional Borrower.

**“Protected Party”** means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

**“Qualifying Lender”** means:

- (a) a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document and is:
  - (i) a Lender:
    - (A) which is a bank (as defined for the purpose of section 879 of the ITA) making an advance under a Finance Document and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance or would be within such charge as respects such payments apart from section 18A of the CTA; or

- (B) in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that advance was made and which is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance.
  - (ii) a Lender which is:
    - (A) a company resident in the United Kingdom for United Kingdom tax purposes;
    - (B) a partnership each member of which is:
      - (1) a company so resident in the United Kingdom; or
      - (2) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA;
    - (C) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or
  - (iii) a Treaty Lender; or
  - (b) a building society (as defined for the purposes of section 880 of the ITA) making an advance under a Finance Document).
- “**Tax Confirmation**” means a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
- (a) a company resident in the United Kingdom for United Kingdom tax purposes;
  - (b) a partnership each member of which is:
    - (i) a company so resident in the United Kingdom; or



- (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of, any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under Clause 14.2 (*Tax gross up*) or a payment under Clause 14.3 (*Tax indemnity*).

“**Treaty Lender**” means a Lender which:

- (a) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (b) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender’s participation in the Loan is effectively connected; and
- (c) meets all other conditions in the relevant Treaty for full exemption from tax on interest, and that for this purpose it shall be assumed that the following conditions (if applicable) are satisfied:
  - (i) any condition which relates (expressly or by implication) to there being a special relationship between the Borrowers and the Lender or between both of them and another person, or to the amounts or terms of any Loan or the Finance Documents; and
  - (ii) any necessary procedural formalities.

“**Treaty State**” means a jurisdiction having a double taxation agreement with the United Kingdom (a “**Treaty**”) which makes provision for full exemption from tax imposed by the United Kingdom on interest.

“**UK Non-Bank Lender**” means, where a Lender becomes a Party after the day on which this Agreement is entered into, a Lender which gives a Tax Confirmation in the Assignment Agreement, Transfer Certificate or Increase Confirmation which it executes on becoming a Party.

Unless a contrary indication appears, in this Clause 14 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

#### 14.2 Tax gross up

- (a) Each Obligor shall, and shall cause each other person making payment on behalf of such Obligor to, make all payments to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Parent shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives any such notification from a Lender it shall notify the Parent and the relevant Obligor.
- (c) If a Tax Deduction is required by law to be made by an Obligor from a payment, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) An Obligor is not required to make an increased payment to a Lender under paragraph (c) above for a Tax Deduction in respect of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
  - (i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
  - (ii) the relevant Lender is a Qualifying Lender solely by reason of falling within paragraph (a)(ii) of the definition of Qualifying Lender and:
    - (A) an officer of HMRC has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Lender has received from the Obligor making the payment or from the Parent a certified copy of that Direction; and
    - (B) the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or

- (iii) the relevant Lender is a Qualifying Lender solely by reason of falling within paragraph (a)(ii) of the definition of Qualifying Lender and:
  - (A) the relevant Lender has not given a Tax Confirmation to the Parent; and
  - (B) the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the Parent, on the basis that the Tax Confirmation would have enabled the Parent to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
- (iv) the relevant Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph (g) or (h) (as applicable) below.
- (e) If an Obligor is required to make a Tax Deduction that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (f) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment a statement under section 975 of the ITA or other evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (g)
  - (i) Subject to paragraph (g)(ii) below, a Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction.
  - (ii)
    - (A) A Treaty Lender which becomes a Party on the day on which this Agreement is entered into that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence opposite its name in Part II of Schedule 1 (*The Original Parties*); and
    - (B) a New Lender or Increase Lender that is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence in the Transfer Certificate, Assignment Agreement or Increase Confirmation which it executes,

and, having done so, that Lender shall be under no obligation pursuant to paragraph (i) above.

- (h) If a Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with paragraph (g)(ii) above and:
  - (a) a Borrower making a payment to that Lender has not made a Borrower DTTP Filing in respect of that Lender; or
  - (b) a Borrower making a payment to that Lender has made a Borrower DTTP Filing in respect of that Lender but:
    - (A) that Borrower DTTP Filing has been rejected by HMRC; or
    - (B) HMRC has not given the Borrower authority to make payments to that Lender without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing;and in each case, the Borrower has notified that Lender in writing, that Lender and the Borrower shall co-operate in completing any additional procedural formalities necessary for that Borrower to obtain authorisation to make that payment without a Tax Deduction.
- (i) If a Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with paragraph (g)(ii) above, no Obligor shall make a Borrower DTTP Filing or file any other form relating to the HMRC DT Treaty Passport scheme in respect of that Lender's Commitment(s) or its participation in any Utilisation unless the Lender otherwise agrees.
- (j) A Borrower shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the Agent for delivery to the relevant Lender.
- (k) A Lender which is a New Lender or an Increase Lender shall, if relevant, give a Tax Confirmation in the Assignment Agreement, Transfer Certificate or Increase Confirmation which it executes.
- (l) A Lender that has given a Tax Confirmation to the Parent shall promptly notify the Parent and the Agent if there is any change in the position set out in that Tax Confirmation.

### 14.3 Tax indemnity

- (a) The Parent shall (within three (3) Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

- (b) Paragraph (a) above shall not apply:
- (i) with respect to any Tax assessed on a Finance Party:
    - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
    - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,  
if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
  - (ii) to the extent a loss, liability or cost:
    - (A) is compensated for by an increased payment under Clause 14.2 (*Tax gross up*);
    - (B) would have been compensated for by an increased payment under Clause 14.2 (*Tax gross up*) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 14.2 (*Tax gross up*) applied; or
    - (C) relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make a claim under paragraph (a) above shall notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Parent.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 14.3, notify the Agent.

#### 14.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

#### 14.5 Lender Status Confirmation

- (a) Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate, Assignment Agreement or Increase Confirmation which it executes on becoming a Party, and for the benefit of the Agent and without liability to any Obligor, which of the following categories it falls in:
- (i) not a Qualifying Lender;
  - (ii) a Qualifying Lender (other than a Treaty Lender); or
  - (iii) a Treaty Lender.
- (b) Where a Lender nominates a branch or affiliate that is not an Existing Lender to participate in this Facility under Clause 4.7 (*Lending Affiliates*) that Lender shall notify the Agent and the Agent shall notify the Parent of the location of the branch or (as the case may be) the jurisdiction of residence of the affiliate which will participate and shall confirm in writing to the Agent (who shall send a copy of such notification to the Parent), for the benefit of the Agent and without liability to any Obligor, which of the following categories the nominee falls in:
- (i) not a Qualifying Lender;
  - (ii) a Qualifying Lender (other than a Treaty Lender); or
  - (iii) a Treaty Lender.
- (c) If a New Lender, Increase Lender, branch or affiliate (nominated under Clause 4.7 (*Lending Affiliates*)) fails to indicate its status in accordance with this Clause 14.5 then such New Lender, Increase Lender, branch or affiliate shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the Agent which category applies (and the Agent, upon receipt of such notification, shall inform the Parent). For the avoidance of doubt, a Transfer Certificate, Assignment Agreement or Increase Confirmation shall not be invalidated by any failure of a Lender to comply with this Clause 14.5.

#### 14.6 Stamp taxes

The Parent shall pay and, within three (3) Business Days of demand, indemnify each Finance Party against any cost, loss or liability that such Finance Party incurs in relation to all stamp duty, documentary, property transfer, registration and other similar Taxes payable in respect of any Finance Documents save for (i) any Taxes payable in respect of an assignment or transfer pursuant to Clause 26 (*Changes to the Lenders*) and (ii) and Taxes payable in respect of the Transaction Security Agreements prior to the date of this Agreement and except regarding Luxembourg registration duties payable due to a registration, submission or filing by a Secured Party of any Finance Document where such registration submission or filing is or was not required to maintain or preserve the rights of the Secured Parties under the Finance Documents.

## 14.7 VAT

- (a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the “**Supplier**”) to any other Finance Party (the “**Recipient**”) under a Finance Document, and any Party other than the Recipient (the “**Relevant Party**”) is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):
  - (i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and
  - (ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall at the same time reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 14.7 (VAT) to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the Value Added Tax Act 1994).

- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party shall promptly provide such Finance Party with details of that Party's VAT registration and any such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

#### 14.8 FATCA Information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
  - (i) confirm to that other Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and
  - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including its applicable passthru percentage or other information required under the Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA.
- (b) If a Party confirms to another Party pursuant to 14.8(a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything which would or might in its reasonable opinion constitute a breach of:
  - (i) any law or regulation;
  - (ii) any policy of that Finance Party;
  - (iii) any fiduciary duty; or
  - (iv) any duty of confidentiality.
- (d) If a Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then:
  - (i) if that Party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such Party shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and
  - (ii) if that Party failed to confirm its applicable passthru percentage then such Party shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable passthru percentage is 100%.



until (in each case) such time as the Party in question provides the requested confirmation, forms, documentation or other information.

#### 14.9 FATCA Deduction

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Parent, the Agent and the other Finance Parties.

### 15. INCREASED COSTS

#### 15.1 Increased costs

- (a) Subject to Clause 15.3 (*Exceptions*) the Parent shall, within three (3) Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
  - (i) the introduction of or any Change in Law (or in the interpretation, administration or application of any law or regulation); or
  - (ii) compliance with any law or regulation made after the date of this Agreement (or, if later, the date it became a Party to this Agreement); or
  - (iii) the implementation or application of, or compliance with, Basel III or any law or regulation that implements or applies Basel III.
- (b) In this Agreement
  - (i) **“Increased Costs”** means:
    - (A) a reduction in the rate of return from a Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
    - (B) an additional or increased cost; or
    - (C) a reduction of any amount due and payable under any Finance Document (excluding any reductions of any amount due under a Transaction Security Document prior to the date of this Agreement),

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

- (ii) **“Basel III”** means:
  - (A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
  - (B) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
  - (C) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.

## 15.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 15.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Parent.
- (b) Each Finance Party shall, with a demand by the Agent, provide a certificate (giving reasonable details of the circumstances giving rise to such claim and the calculation of the Increased Cost) confirming the amount of its Increased Costs.

## 15.3 Exceptions

- (a) Clause 15.1 (*Increased costs*) does not apply to the extent any Increased Cost is:
  - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
  - (ii) attributable to a FATCA Deduction required to be made by a Party;
  - (iii) compensated for by Clause 14.3 (*Tax indemnity*) (or would have been compensated for under Clause 14.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 14.3 (*Tax indemnity*) applied);
  - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or

- (v) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (or, if later, the date it became a Party to this Agreement) (“**Basel II**”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (b) In this Clause 15.3 reference to a “**Tax Deduction**” has the same meaning given to the term in Clause 14.1 (*Definitions*).

## 16. OTHER INDEMNITIES

### 16.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
  - (i) making or filing a claim or proof against that Obligor; or
  - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,that Obligor shall as an independent obligation, within three (3) Business Days of demand, indemnify the Arranger and each other Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.
- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

### 16.2 Other indemnities

The Parent shall (or shall procure that an Obligor will), within three (3) Business Days of demand, indemnify the Arranger and each other Finance Party against any cost, loss or liability incurred by it as a result of:

- (a) the occurrence of any Event of Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document with respect to the Facilities on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 31 (*Sharing among the Lenders*);

- (c) funding, or making arrangements to fund, its participation in a Utilisation requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
- (d) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by a Borrower or the Parent.

### 16.3 Indemnity to the Agent

The Parent shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

## 17. MITIGATION BY THE LENDERS

### 17.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Parent, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 14 (*Tax gross up and indemnities*), or Clause 15 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

### 17.2 Limitation of liability

- (a) The Parent shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 17.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 17.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

## 18. COSTS AND EXPENSES

### 18.1 Transaction expenses

The Parent shall within ten (10) Business Days of demand pay (or procure payment) to the Agent, the Arrangers and the Security Agent the amount of all out-of-pocket costs and expenses (including legal fees subject to agreed caps (if any)) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (b) any other Finance Documents executed after the date of this Agreement,

subject in each case to the Acquisition Closing Date having occurred (other than with respect to legal fees up to the cap agreed by the Parent) and on a basis and up to an amount as agreed between the Arrangers and the Parent from time to time.

### 18.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 32.10 (*Change of currency*), the Parent shall, within ten (10) Business Days of demand after receipt of the corresponding invoice, reimburse each of the Agent and the Security Agent for the amount of all costs and expenses (including legal fees subject to agreed caps (if any)) reasonably incurred by the Agent and the Security Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

### 18.3 Enforcement and preservation costs

The Parent shall, within ten (10) Business Days of demand, pay (or procure the payment) to the Arrangers and each other Secured Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

## 19. GUARANTEE AND INDEMNITY

### 19.1 Guarantee and indemnity

Each Guarantor and CCML irrevocably and unconditionally, jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor or, in the case of CCML, each Obligor, of all that Obligor's obligations under the Finance Documents;

- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due (allowing for any applicable grace period) under or in connection with any Finance Document, that Guarantor or, in the case of CCML, CCML shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor or CCML under this indemnity will not exceed the amount it would have had to pay under this Clause 19 if the amount claimed had been recoverable on the basis of a guarantee.

#### 19.2 Continuing Guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

#### 19.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 19 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

#### 19.4 Waiver of defences

The obligations of each Guarantor and CCML under this Clause 19 will not be affected by an act, omission, matter or thing which, but for this Clause 19, would reduce, release or prejudice any of its obligations under this Clause 19 (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Restricted Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

- (e) any amendment, novation, supplement, extension restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

#### 19.5 **Guarantor Intent**

Without prejudice to the generality of Clause 19.4 (*Waiver of defences*), each Guarantor and CCML expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

#### 19.6 **Immediate recourse**

Each Guarantor and CCML waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor and CCML under this Clause 19. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

#### 19.7 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor or CCML shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or CCML or on account of any Guarantor's or CCML's liability under this Clause 19.

## 19.8 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor or CCML will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 19:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor or CCML has given a guarantee, undertaking or indemnity under Clause 19.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor or CCML receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 32 (*Payment mechanics*).

## 19.9 Release of Guarantors' right of contribution

If any Guarantor or CCML (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor or any Holding Company of that Retiring Guarantor, then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor and CCML (as applicable) from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor or CCML (as applicable) arising by reason of the performance by any other Guarantor or CCML of its obligations under the Finance Documents; and



- (b) each other Guarantor or CCML (as applicable) waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

19.10 **Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

19.11 **Guarantee Limitations**

The guarantee created under this Clause 19 does not apply to any liability to the extent that it would result in the guarantee being illegal and with respect to any Additional Guarantor is subject to the limitations set out in the Accession Deed applicable to such Additional Guarantor.

19.12 **Guarantee Limitations – Luxembourg**

- (a) Notwithstanding anything to the contrary in this Agreement or in the Cabot RCF Agreement, the aggregate obligations and liabilities of the Luxembourg Guarantor under this Clause 19 and under clause 23 of the Cabot RCF Agreement for the obligations of any Obligor which is not a direct or indirect subsidiary of such Luxembourg Guarantor shall be limited to an aggregate amount not exceeding the higher of:
  - (i) 95% of such Luxembourg Guarantor’s capitaux propres (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date on which a demand is made under the Guarantee, increased by the amount of any Intra-Group Liabilities (without double counting); and
  - (ii) 95% of such Luxembourg Guarantor’s capitaux propres (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date of this Agreement, increased by the amount of any Intra-Group Liabilities (without double counting).
- (b) For the purposes of sub-paragraph (a) above, “**Intra-Group Liabilities**” shall mean any amounts owed by the Luxembourg Guarantor to any other member of the Restricted Group that have not been financed (directly or indirectly) by a borrowing under the Finance Documents.
- (c) The guarantee limitation specified in sub-paragraph (a) above shall not apply to (i) any amounts borrowed by the Luxembourg Guarantor under the Finance Documents and (ii) any amounts borrowed under the Finance Documents and on-lent to the Luxembourg Guarantor (in any form whatsoever).

## 20. REPRESENTATIONS

- (a) Each Obligor makes the representations and warranties set out in this Clause 20 to each Finance Party at the times specified in Clause 20.32 (*Times when representations made*) only and the Parent acknowledges that the Finance Parties have entered into this Agreement in reliance on these representations and warranties.
- (b) CCML makes the representations and warranties set out in Clauses 20.1 (*Status*) to 20.6 (*Governing law and enforcement*) with respect to itself only and to each Finance Party only at the times specified in Clause 20.32 (*Times when representations made*) and the Parent acknowledges that the Finance Parties have entered into this Agreement in reliance on these representations and warranties.

### 20.1 Status

- (a) It and each of the Material Companies is a limited liability company or, as the case may be, limited partnership, duly incorporated or organised (as applicable), validly existing and in good standing (as applicable) under the law of its jurisdiction of incorporation or organisation.
- (b) It and each of the Material Companies has the power and authority to own its assets and carry on its business as it is being conducted.

### 20.2 Binding obligations

Subject to the Legal Reservations and Perfection Requirements:

- (a) the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective.

### 20.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party and the granting of the Transaction Security do not conflict with:

- (a) any law or regulation applicable to it in any material respect;
- (b) its constitutional documents; or
- (c) any agreement or instrument binding upon it or constitute a default or termination event (however described) under any such agreement or instrument to an extent which has or is reasonably expected to have a Material Adverse Effect.

#### 20.4 Power and authority

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.
- (b) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.

#### 20.5 Validity and admissibility in evidence

- (a) All Authorisations required:
  - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
  - (ii) to make the Finance Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect, subject to the Legal Reservations and Perfection Requirements.
- (b) All Authorisations necessary for the conduct of the business, trade and ordinary activities of members of the Restricted Group have been obtained or effected and are in full force and effect except to the extent that the failure to obtain or effect those Authorisations has or is reasonably likely to have a Material Adverse Effect.

#### 20.6 Governing law and enforcement

- (a) The choice of the governing law of each Finance Document will be recognised and enforced in its jurisdiction of incorporation subject to the Legal Reservations.
- (b) Subject to the Legal Reservations, any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its jurisdiction of incorporation.

#### 20.7 Insolvency

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 24.7 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 24.8 (*Creditors' process*),

has been taken or, to the knowledge of the Parent, threatened in relation to a Material Company and none of the circumstances described in Clause 24.6 (*Insolvency*) applies to a Material Company.

20.8 **No filing or stamp taxes**

Under the laws of its Relevant Jurisdiction it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except any filing, recording or enrolling or any tax or fee payable in connection with the Transaction Security which will be made or paid promptly after the date of the relevant Finance Document, **provided that**, for the avoidance of doubt, this Clause 20.8 shall not apply in respect of any stamp duty, registration or similar tax payable in respect of an assignment or transfer by a Lender of any of its rights or obligations under a Finance Document, and **provided further that** in the case of court proceedings in a Luxembourg court of the presentation of the Finance Documents – either directly or by way of reference – to an *autorité constituée*, such court or *autorité constituée* may require registration of all or part of the Finance Documents with the *Administration de l'Enregistrement et des Domaines* in Luxembourg, which may result in registration duties, at a fixed rate of EUR 12 or an ad valorem rate which depends on the nature of the registered document, becoming due and payable.

20.9 **No default**

- (a) No Event of Default and, on the date of this Agreement and the Closing Date, no Default is continuing or is reasonably likely to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) To the best of its knowledge after due enquiry, no event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Restricted Subsidiaries or to which its (or any of its Restricted Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect.

20.10 **No misleading information**

All written information provided after the date of this Agreement by any member of the Restricted Group (including its advisers) to a Finance Party (save for any written information that is expressly provided on an information only basis pursuant to paragraph (c) of Clause 22.7 (*Acquisitions*)) was true, complete and accurate and is not misleading, in each case in all material respects (taken as a whole) as at the date it was provided (or, in the case of any report or document that relates to historical matters and is expressed to be accurate as at a particular date, as at the date so expressed therein) and, in the case of a report or document prepared by a third party was, true, complete and accurate and is not misleading, in each case, to the best of its knowledge and belief of the relevant member of the Restricted Group in all material respects as at the date it was prepared, save as disclosed otherwise in writing to the Agent and the Arrangers prior to the date of delivery of such information (or at the same time).

20.11 **Financial Statements**

- (a)
- (i) The Original Financial Statements were prepared in accordance with the Accounting Principles consistently applied;
  - (ii) the unaudited Original Financial Statements fairly represent (subject to customary year-end adjustments) its financial condition and results of operations for the relevant period to which they relate;
  - (iii) the audited Original Financial Statements give a true and fair view of its financial condition and results of operations during the relevant financial year; and
  - (iv) there has been no material adverse change in the assets, business or financial condition of the Restricted Group taken as a whole since the date of the Original Financial Statements.
- (b) Its most recent financial statements delivered pursuant to Clause 21.1 (*Financial Statements*):
- (i) subject to paragraph (b) of Clause 21.2 (*Requirements as to financial statements*) have been prepared in accordance with the Accounting Principles as applied to the Original Financial Statements (save in the case of the Luxembourg Guarantor); and
  - (ii) give a true and fair view of (if audited) or fairly present (subject to customary year-end adjustments) (if unaudited) its consolidated (if applicable) financial condition as at the end of, and consolidated (if applicable) results of operations for, the period to which they relate.
- (c) There has been no material adverse change in the assets, business or financial condition of the Restricted Group taken as a whole since the date of the most recent financial statements delivered pursuant to Clause 21.1 (*Financial Statements*).
- (d) The budgets delivered under Clause 21.3 (*Budget*) were arrived at after careful consideration and have been prepared in good faith on the basis of recent historical information and on the basis of assumptions believed by the Parent to be reasonable as at the date they were prepared and supplied.

20.12 **No proceedings**

No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief having made due and careful enquiry) been started or threatened against it or any of its Subsidiaries.

20.13 **No breach of laws**

- (a) It has not (and none of its Subsidiaries has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Restricted Group which have or are reasonably likely to have a Material Adverse Effect.

20.14 **Anti-Corruption Laws and Sanctions**

Other than permitted as a Permitted Sanction Action:

- (a) the Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Restricted Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, to the knowledge of the Borrower, its Restricted Subsidiaries and their respective directors and officers, employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in Borrower being designated as a Sanctioned Person;
- (b) None of (i) the Borrower, or (b) to the knowledge of the Borrower, any director, officer, employee or agent of the Borrower or any Restricted Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person; and
- (c) no Utilisation, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

20.15 **Environmental laws**

No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Restricted Group where that claim has or is reasonably likely, if determined against that member of the Restricted Group, to have a Material Adverse Effect.

20.16 **Taxation**

- (a) It (and each member of the Restricted Group) has duly and punctually filed all income and all other material tax returns (together with all necessary information relating thereto) and has paid and discharged all taxes imposed upon it or its assets (in each case within the time period allowed and before the imposition of any interest or penalties), save, in each case, to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.
- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or against any member of the Restricted Group) with respect to Taxes, which would have, or would reasonably be expected to have, a Material Adverse Effect.

(c) In respect of a Borrower, it is resident for Tax purposes only in the jurisdiction of its incorporation.

20.17 **Security and Financial Indebtedness**

- (a) No Security or Quasi Security exists over all or any of the present or future assets of any member of the Restricted Group other than as permitted by this Agreement.
- (b) No member of the Restricted Group has any actual or contingent Financial Indebtedness outstanding other than as permitted by this Agreement.

20.18 **Ranking**

The payment obligations of each Obligor under each of the Finance Documents rank and will at all times rank at least *pari passu* in right and priority of payment with all its other present and future unsecured and unsubordinated indebtedness (actual or contingent) except indebtedness preferred by laws of general application.

20.19 **Good title to assets**

It has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted where failure to do so would have, or could be reasonably expected to have, a Material Adverse Effect.

20.20 **Legal and beneficial ownership**

It and each of the Obligors is the sole legal and beneficial owner of the respective material assets over which it purports to grant Security.

20.21 **Shares**

- (a) The shares of any member of the Restricted Group which are subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights.
- (b) Other than any mandatory provisions required by law, the constitutional documents of companies whose shares are subject to the Transaction Security do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security.
- (c) There are no agreements in force or corporate resolutions passed which provide for the issue or allotment of, or grant any person the right (whether conditional or otherwise) to call for the issue or allotment of, any share or loan capital of any member of the Restricted Group (including any option or right of pre-emption or conversion).

20.22 **Intellectual Property**

It and each of its Subsidiaries:

- (a) is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted to the extent that failure to do so would reasonably be expected to have a Material Adverse Effect.
- (b) does not (nor does any of its Subsidiaries), in carrying on its businesses, infringe any Intellectual Property of any third party in any respect which has or is reasonably likely to have a Material Adverse Effect; and
- (c) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it where failure to do so would reasonably be expected to have a Material Adverse Effect.

20.23 **Group Structure Chart**

As of the date of this Agreement, after giving effect to the Acquisition, the Group Structure Chart is true, complete and accurate in all material respects.

20.24 **Obligors**

- (a) Subject to Clause 22.24 (*Post-Closing Covenants*), all Material Companies which are members of the Restricted Group are Guarantors.
- (b) The aggregate of earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA) and the aggregate gross assets (excluding goodwill) of the Guarantors (calculated on an unconsolidated basis and excluding all intra-Restricted Group items and investments in Restricted Subsidiaries of any member of the Restricted Group) exceeds on the Closing Date, 85 per cent. of Consolidated EBITDA) and consolidated gross assets (excluding goodwill) of the Restricted Group.

20.25 **Accounting reference date**

The Accounting Reference Date of each member of the Restricted Group is 31 December.

20.26 **Acquisition Documents**

- (a) The Acquisition Documents contain all the material terms of the Acquisition.
- (b) There is no disclosure made to the Acquisition Documents which has or may have a material adverse effect on any of the information, opinions, intentions, forecasts and projections contained or referred to in the Information (as that term is defined in the Commitment Letter).



- (c) To the best of the Company's knowledge no representation or warranty given by any party to the Acquisition Documents is untrue or misleading in any material respect.

20.27 **Centre of main interests and establishments**

- (a) The Centre of Main Interest of each Obligor incorporated in the European Union is situated in its jurisdiction of incorporation.
- (b) The Luxembourg Guarantor does not have an "establishment" (as that term is used in Article 2(h) of The Council of the European Union Regulation No 1346/2000 on Insolvency Proceedings) in any other jurisdiction.

20.28 **Pensions**

To the best knowledge and belief of each Obligor, having made due enquiry:

- (a) no member of the Restricted Group has any material liability in respect of any pension scheme and there are no circumstances which would give rise to such a liability, which in each case would reasonably be expected to have a Material Adverse Effect; and
- (b) each member of the Restricted Group is in compliance in all material respects with all applicable laws and regulations relating to, and the governing provisions of any of its pension schemes maintained by or for the benefit of any member of the Restricted Group and/or its employees, where failure to be so in compliance would reasonably be expected to have a Material Adverse Effect.

20.29 **Holding Company**

Except:

- (a) as may arise under the Transaction Documents; or
- (b) as permitted under Clause 22.10 (*Holding Companies*) (ignoring for this purpose the references to Transaction Security in paragraph (b) thereof),

on or prior to the Closing Date, the Parent has not traded or incurred any material liabilities or commitments (actual or contingent, present or future).

20.30 **Money Laundering Act**

- (a) Each Borrower hereby confirms to each Lender that all Utilisations made by it under this Agreement will be made solely for its own account or for the account of the Restricted Group.
- (b) Each Obligor and its Affiliates' operations are and have been conducted in compliance with all applicable anti-money laundering laws and financial record keeping and reporting requirements, rules, regulations and guidelines (the "**Money Laundering Laws**") and no claim, action, suit, proceeding or investigation by or before any court or governmental agency, authority or body or any arbitrator involving it or its Affiliates with respect to Money Laundering Laws is pending and, to the best of its knowledge, no such claims, actions, suits, proceedings or investigations are threatened in each case in any relevant jurisdiction.

20.31 **Domiciliation**

The Luxembourg Guarantor is in full compliance with the amended Luxembourg law dated 31 May 1999 on the domiciliation of companies (and the relevant regulations).

20.32 **Times when representations made**

All the representations and warranties in this Clause 20 are made by each Original Obligor on the date of this Agreement and on the Acquisition Closing Date.

- (a) All the representations and warranties in this Clause 20 are deemed to be made by each Obligor on the Closing Date.
- (b) The Repeating Representations are deemed to be made by each Obligor and to the extent applicable by CCML, on the date of each Utilisation Request, on each Utilisation Date and on the first day of each Interest Period.
- (c) The Repeating Representations and the representations set out in Clause 20.20 (*Legal and beneficial ownership*) and Clause 20.21 (*Shares*) are deemed to be made by each Additional Obligor in respect of itself on the day on which it becomes (or it is proposed that it becomes) an Additional Obligor.
- (d) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

21. **INFORMATION UNDERTAKINGS**

The undertakings in this Clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents (with respect to the Transaction Security Documents, in connection with the Facilities only) or any Commitment is in force until the Conversion Date, unless a Demand Failure Event has occurred in which case they shall remain in force with respect to any Term Loans until the Initial Maturity Date. On and following the date referred to in the preceding sentence, the Parent shall comply with the information undertakings under clause 4.03 (*Reports*) of the 2020 Note Indenture as in effect at the date of this Agreement.

In this Clause 21:

“**Annual Financial Statements**” means the financial statements for a Financial Year delivered pursuant to paragraph (a) of Clause 21.1 (*Financial statements*).

“**Monthly Financial Statements**” means the financial statements delivered pursuant to paragraph (c) of Clause 21.1 (*Financial statements*).

“**Quarterly Financial Statements**” means the financial statements delivered pursuant to paragraph (b) of Clause 21.1 (*Financial statements*).

## 21.1 Financial Statements

The Parent shall supply to the Agent in sufficient copies for all the Lenders:

- (a) as soon as they are available, but in any event within 120 days after the end of each of its Financial Years:
  - (i) its audited consolidated financial statements for that Financial Year; and
  - (ii) the audited (to the extent required by law to be audited) financial statements (to the extent required by law to be produced) (consolidated if appropriate) of each Obligor for that Financial Year;
- (b) as soon as they are available, but in any event within 60 days after the end of each Financial Quarter of each of its Financial Years its consolidated financial statements for that Financial Quarter; and
- (c) as soon as they are available, but in any event within 30 days after the end of each month its financial statements on a consolidated basis for that month (to include cumulative management accounts for the Financial Year to date).

## 21.2 Requirements as to financial statements

- (a) The Parent shall procure that each set of Annual Financial Statements, Quarterly Financial Statements and Monthly Financial Statements includes a balance sheet, profit and loss account, cashflow statement and ERC calculation as at the last day of the period to which the relevant financial statements relate. In addition the Parent shall procure that:
  - (i) each set of Annual Financial Statements shall be audited by the Auditors;
  - (ii) each set of Quarterly Financial Statements is accompanied by a statement by the directors of the Parent commenting on the performance of the Restricted Group for the Financial Quarter to which the financial statements relate and the Financial Year to date and any other material developments or proposals affecting the Restricted Group or its business; and
  - (iii) each set of Monthly Financial Statements is accompanied by a statement by the directors of the Parent commenting on the performance of the Restricted Group for the Month to which the financial statements relate and the Financial Year to date, including the management board pack detailing such key performance indicators of the business, strategy, market updates and any other indicators as the directors of the Parent routinely use to describe the performance of the Restricted Group together with any portfolio collections performance data broken down monthly by portfolio, including the actual performance versus the forecasts.

- (b) Each set of financial statements delivered pursuant to Clause 21.1 (*Financial statements*):
- (i) shall be certified by a director of the relevant company as giving a true and fair view of (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), subject to customary year-end adjustments, its financial condition and operations as at the date as at which those financial statements were drawn up and, in the case of the Annual Financial Statements, shall be accompanied by any letter addressed to the management of the relevant company by the Auditors and accompanying those Annual Financial Statements;
  - (ii) in the case of Annual Financial Statements and the Quarterly Financial Statements shall be accompanied by a statement by the directors of the Parent comparing actual performance for the period to which the financial statements relate to:
    - (A) the projected performance for that period set out in the Budget; and
    - (B) the actual performance for the corresponding period in the preceding Financial Year of the Group; and
  - (iii) shall be prepared in accordance with the Accounting Principles or, in respect of ERC, the ERC Model, unless, in relation to any set of financial statements or ERC, the Parent notifies the Agent that (1) there has been a change in the Accounting Principles or the accounting practices of the Restricted Group (for the avoidance of doubt including any change to the manner in which ERC is used as the basis for the calculation of the purchased asset value for the purposes of the Annual Financial Statements of the Quarterly Financial Statements) and its Auditors delivers to the Agent the information referred to in the following subparagraphs (A) and (B) as appropriate, or (2) there has been a material change in the methodology used to calculate ERC arising as a result of a change determined by the Restricted Group's portfolio valuation committee or accounting practices and the Parent delivers to the Agent a description of any change necessary for:
    - (A) those financial statements to reflect the Accounting Principles or, as the case may be, that Obligor's Original Financial Statements were prepared; or
    - (B) ERC to reflect the determination of the Restricted Group's portfolio valuation committee or accounting practices.
- Any reference in this Agreement to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

- (c) If the Parent notifies the Agent of a change in accordance with paragraph (b)(iii) above, the Parent and the Agent shall enter into negotiations in good faith with a view to agreeing any amendments to this Agreement which are necessary as a result of the change. These amendments will be such as to ensure that the change does not result in any material alteration in the commercial effect of the obligations contained in this Agreement. If any amendments are agreed they shall take effect and be binding on each of the Parties in accordance with their terms (subject to the Agent receiving the prior consent of the Majority Lenders).
- (d) At any time whilst:
- (i) an Event of Default is continuing; and/or
  - (ii) the Majority Lenders reasonably suspect:
    - (A) a potential or actual default under Clause 24.1 (*Non-payment*); and/or
    - (B) a potential non-compliance of financial statements or management accounts with the requirements of the Accounting Principles or the applicable accounting practices and financial reference periods,
- the Agent may:
- (iii) notify the Parent, stating the questions or issues (and a brief background thereto) which the Agent wishes to discuss with the Auditors (or another firm of accountants auditing the Annual Financial Statements of the relevant company). If the Parent has not responded to such notification in a manner reasonably satisfactory to the Majority Lenders within five (5) Business Days after the receipt of such notification from the Agent, the Parent must ensure that the Auditors (or, as the case may be, the relevant other firm of accountants auditing the Annual Financial Statements of the relevant company) are authorised:
    - (A) to discuss (and the Parent shall be entitled to participate in any such discussions) the financial position of each member of the Restricted Group with the Agent on request from the Agent (acting on instructions of the Majority Lenders); and
    - (B) to disclose to the Agent (with a copy to the Parent) for the Finance Parties any information which the Agent may reasonably request; and/or
  - (iv) to the extent permitted by any obligations or duties of confidentiality or restrictions as to the disclosure of information (in each case whether contractual, by reason of any law or regulation, fiduciary, or otherwise) applying to a member of the Group, require that each member of the Restricted Group permits the Agent and/or the Security Agent access during regular business hours and at times reasonably convenient to the

management and on reasonable notice to inspect the premises and assets, and to take copies and extracts from the books, accounts and records, of each member of the Restricted Group and meet and discuss matters with senior management of the Restricted Group (and each Obligor undertakes that it shall permit such access, and the Parent undertakes that it shall ensure that each member of the Restricted Group will permit such access) (together with the rights in paragraph (d)(iii) the “**Access Rights**”),

and, in each case, reasonably incurred fees and expenses shall be for the account of the Parent, save that in the case of the Agent’s exercise of its Access Rights solely in reliance on paragraph (d)(ii) above reasonably incurred fees and expenses shall be for the account of the Parent only:

- (A) if the event(s) referred to in paragraphs (d)(ii)(A), (d)(ii)(B) or (d)(ii)(C) above and relied upon by Majority Lenders to instruct the Agent to exercise its Access Rights constitute a Default; or
  - (B) in the case that the event(s) referred to in paragraphs (d)(ii)(A), (d)(ii)(B) or (d)(ii)(C) above and relied upon by Majority Lenders to instruct the Agent to exercise its Access Rights do not constitute a Default, in respect of the Agent’s first exercise of its Access Rights solely in reliance on paragraph (d)(ii) above. Any fees or expenses incurred in connection with any subsequent exercise by the Agent of its Access Rights solely in reliance on paragraph (d)(ii) above that is not covered by paragraph (A) above shall be for the account of the Finance Parties.
- (v) The Parent and each relevant member of the Restricted Group shall only be required to comply with the requirements of paragraph (d)(ii) (iv) above if:
- (A) the Agent or the Security Agent (as the case may be) has first communicated its concerns and its request for information or explanation to the Parent;
  - (B) the Parent and the Agent or Security Agent (as the case may be) have discussed in good faith the issues arising and the Parent has supplied such further information and explanation as it is reasonably able; and
  - (C) having taken the steps in paragraphs (A) and (B) above, the Agent or Security Agent (as the case may be) acting reasonably is not satisfied with the information and/or explanations provided,
- ((A), (B) and (C) together being the “**Discussion Process**”).

- (vi) If the Agent and/or the Security Agent exercises its rights under paragraph (d)(iv) above, it will use all reasonable endeavours to make the scope and nature of the enquiry undertaken no more extensive than is necessary for the purpose of investigating the source and/or consequences of the Default (or events having triggered it) which has triggered the exercise of such rights and to maintain the cost to the Group of that enquiry at a reasonable level, and all information obtained as a result of such access shall be subject to the confidentiality restrictions set out in Clause 39 (*Confidentiality*).
- (vii) Notwithstanding paragraphs (v) and (vi) above, each Party agrees that they shall act promptly during the Discussion Process and without prejudice to this paragraph (d), if the Discussion Process has not been completed within ten Business Days of the Agent or Security Agent first communicating its concerns, then the Agent shall be entitled to exercise any of its rights that it has in paragraph (d)(iv) above.

### 21.3 Budget

- (a) The Parent shall supply to the Agent (and if requested by the Agent, in sufficient copies for all the Lenders), as soon as the same becomes available but in any event within 30 days of the start of each of its Financial Years, an annual Budget for that financial year.
- (b) The Parent shall ensure that each Budget:
  - (i) includes a monthly projected consolidated profit and loss, balance sheet and cashflow statement for the Group;
  - (ii) is accompanied by a reasonably detailed commentary from the senior management of the Group explaining the main drivers of the Budget on a revenue, cost and cashflow basis;
  - (iii) includes a monthly breakdown of projections for each month of that Financial Year including projections of ERC;
  - (iv) subject to paragraph (b) of Clause 21.2 (*Requirements as to financial statements*), is prepared in accordance with the Accounting Principles and the accounting practices and financial reference periods applied to financial statements under Clause 21.1 (*Financial statements*); and
  - (v) has been approved by the board of directors of the Parent.
- (c) If the Parent materially updates or changes the Budget, it shall promptly following (but in any event not later than ten (10) Business Days of) the update or change being made deliver to the Agent, in sufficient copies for each of the Lenders, such updated or changed Budget together with a written explanation of the main changes in that Budget.

### 21.4 Group companies

The compliance certificate supplied with its Annual Financial Statements shall confirm which members of the Restricted Group are Material Companies and that the aggregate of earnings before interest, tax, depreciation and amortisation (calculated on

the same basis as Consolidated EBITDA), and aggregate gross assets (excluding goodwill) of the Guarantors in each case (calculated on an unconsolidated basis and excluding all intra-Restricted Group items and investments in Restricted Subsidiaries of any member of the Restricted Group) exceeds 85 per cent. of Consolidated EBITDA and aggregate gross assets (excluding goodwill) of Restricted Group.

#### 21.5 Presentations

- (a) At least two of the directors of the Parent (one of whom shall be the chief financial officer) will give a presentation to the Finance Parties in every Financial Year (or at the reasonable request of the Agent if an Event of Default has occurred and is continuing) about the on-going business and financial performance of the Restricted Group.
- (b) The Parent will invite the Lenders to any public call held for holders of any of the Notes and give the Lenders reasonable notice of such calls, **provided that** no Lender may speak during such calls other than to register its attendance.

#### 21.6 Year-end

No member of the Restricted Group shall change its Accounting Reference Date.

#### 21.7 Unrestricted Subsidiaries

If any Subsidiaries of the Parent have been designated as Unrestricted Subsidiaries, the information delivered under Clauses 21.1 (*Financial statements*) and 21.3 (*Budget*) will include reasonably detailed information as to the financial condition of the Restricted Group separate from that of the Unrestricted Subsidiaries.

#### 21.8 Information: miscellaneous

The Parent shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) at the same time as they are dispatched, copies of all documents required by law to be dispatched by the Parent or any Obligor to its creditors generally (or any class of them);
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Restricted Group, and which, if adversely determined, are reasonably likely to have Material Adverse Effect;
- (c) promptly upon becoming aware of them, the details of any labour disputes which are current, threatened or pending against any member of the Restricted Group and which, if adversely determined, are reasonably likely to have a Material Adverse Effect;
- (d) promptly, details of any material acquisition by, or any disposal, merger or voluntary liquidation or Permitted Reorganisation of any Material Company or any other material change to the structure of the Restricted Group;



- (e) promptly, such information as the Security Agent may reasonably require about the Charged Property and compliance of the Obligor with the terms of any Transaction Security Documents;
- (f) promptly upon becoming aware of them, the details of any Environmental Claim which is current, threatened or pending against any member of the Restricted Group, together with copies of all environmental reports and investigations in relation to such Environmental Claim, which has or is reasonably likely to have a Material Adverse Effect;
- (g) at the same time as they are dispatched, copies of all documents and other information provided to the holders of the Notes (or the Notes Trustee on their behalf);
- (h) promptly upon becoming aware of them and only to the extent permitted by any obligations or duties of confidentiality or restrictions as to the disclosure of information (in each case whether contractual, by reason of any law or regulation, fiduciary, or otherwise) applying to a member of the Group, details of any regulatory investigations that could reasonably be expected to have a Material Adverse Effect;
- (i) promptly upon becoming aware of them, details of the written information provided on an information only basis, pursuant to paragraph (c) of Clause 22.7 (*Acquisitions*) being not materially true, complete and accurate or being materially misleading; and
- (j) promptly on request, such further information regarding the financial condition, assets and operations of the Restricted Group and/or any member of the Restricted Group (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Obligor under this Agreement) and any changes to senior management of the Parent as any Finance Party through the Agent may reasonably request.

#### 21.9 Notification of default

- (a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon its becoming aware of such Default (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) If the Agent has reasonable grounds for believing that a Default has occurred and is continuing, it may request, and promptly upon such request by the Agent, the Parent shall supply to the Agent, a certificate signed by two of its directors or senior officers on its behalf certifying, to the best of the knowledge and belief of the directors and/or senior officers, that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

21.10 **“Know your customer” checks**

- (a) If:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date on which it becomes a Finance Party under this Agreement;
  - (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date on which it becomes a Finance Party under this Agreement; or
  - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with know your customer or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations, including the USA PATRIOT Act, pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (c) The Parent shall, by not less than ten (10) Business Days’ (or such shorter periods as may be agreed with the Agent) prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Restricted Subsidiaries becomes an Additional Obligor pursuant to Clause 28 (*Changes to the Obligors*).
- (d) Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Obligor obliges the Agent or any Lender to comply with know your customer or similar identification procedures in circumstances where the necessary information is not already available to it, the Parent shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such

Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations pursuant to the accession of such Restricted Subsidiary to this Agreement as an Additional Obligor.

21.11 **Audit Right**

The Agent, once every six Months (and no less than 6 Months after the previous such appointment), shall have the right to request that any firm that falls within the definition of “Auditors”, in each case as is agreed with the Parent (acting reasonably) be appointed to prepare a cash reconciliation of collections against the forecasts in the business and the ERC outputs of the model linked to actual performance and following consultation with the Parent to answer any reasonable queries that the Agent may have in relation to such audit. Subject to agreeing a cap (all parties acting reasonably), the Parent shall pay any reasonable costs of that firm directly incurred in connection with such audit.

22. **GENERAL UNDERTAKINGS**

The undertakings in this Clause 22 remain in force from the date of this Agreement until the Conversion Date (unless a Demand Failure Event has occurred in which case they shall remain in force with respect to any Term Loans until the Initial Maturity Date) save for the undertakings in Clause 22.4 (*Anti Corruption Law and Sanctions*) which shall remain in force at all times.

22.1 **Restrictive Covenants**

Each Obligor shall comply with the covenants set out in Schedule 11 (*Restrictive Covenants*).

22.2 **Authorisations**

Each Obligor shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation (other than as may be no longer required pursuant to a Permitted Reorganisation) required under any applicable law or regulation:

- (a) of a Relevant Jurisdiction to enable it to perform its obligations under the Transaction Documents to which it is a party;
- (b) of a Relevant Jurisdiction to ensure, subject to the Legal Reservations and the Perfection Requirements, the legality, validity, enforceability or admissibility in evidence of any Transaction Document to which it is a party; and
- (c) of a Relevant Jurisdiction or any jurisdiction where it conducts its business to carry on its business except to the extent that failure to obtain or comply with those Authorisations could not reasonably be expected to have a Material Adverse Effect.

22.3 **Compliance with laws**

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Restricted Group will) comply in all respects with all laws and regulations to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.
- (b) Each Obligor shall (and the Parent shall ensure that each member of the Restricted Group will) not, and shall not permit or authorise any other person to, directly or indirectly, use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of the Facilities to fund any trade, business or other activities: (i) involving or for the benefit of any Restricted Party, or (ii) in any other manner that could result in any Obligor or its Affiliates, or any Lender being in breach of any Sanctions or becoming a Restricted Party.

22.4 **Anti-Corruption Law and Sanctions**

- (a) The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.
- (b) The Borrower will not request any Utilisation, and the Borrower shall not use, and shall procure that its Restricted Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Utilisation (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

22.5 **Taxation**

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Restricted Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
  - (i) such payment is being contested in good faith by appropriate proceedings;
  - (ii) adequate reserves established in accordance with the Accounting Principles are being maintained for such Taxes and the costs required to contest them; and
  - (iii) such payment can be lawfully withheld and failure to pay such Taxes is not reasonably likely to have a Material Adverse Effect.

- (b) No Obligor may change its residence for Tax purposes.

## 22.6 Change of business

Other than pursuant to a Permitted Reorganisation, the Parent shall procure that no substantial change is made to the general nature of the business of the Obligors or the Restricted Group taken as a whole from that carried on by the Restricted Group at the date of this Agreement.

## 22.7 Acquisitions

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no other member of the Restricted Group will) undertake the acquisition of:
- (i) a company or any shares or equivalent ownership interest or securities or a business or undertaking (or, in each case, any interest in any of them); or
  - (ii) Portfolio Accounts.
- (b) Paragraph (a) above does not apply to:
- (i) the Acquisition;
  - (ii) an acquisition of a company or any shares or equivalent ownership interest or securities or a business or undertaking (or, in each case, any interest in any of them) which is a Permitted Acquisition or Permitted Joint Venture;
  - (iii) an acquisition of a Portfolio Account which is a Permitted Acquisition;
  - (iv) the acquisition or incorporation of a newly formed company;
  - (v) an acquisition by a member of the Restricted Group from another member of the Restricted Group **provided that** such acquisition is permitted by the provisions of Schedule 11 (*Restrictive Covenants*);
  - (vi) Permitted Reorganisations; or
  - (vii) an acquisition of securities that are Cash Equivalent Investments.
- (c) In the case of making a Permitted Acquisition that constitutes a “Business Acquisition” as defined in the definition of “Permitted Acquisition”, the Parent shall deliver (or shall procure that the relevant member of the Group delivers) to the Agent (on an information only basis and without any liability including without limitation for the content therein) the most recent audited accounts of, and management information with respect to, the acquired business.

## 22.8 Joint Ventures

(a) No Obligor shall (and the Parent shall ensure that no member of the Group will):

- (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in a Joint Venture; or
- (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to a Joint Venture (or agree to do any of the foregoing),

if that Joint Venture is established, or carries on its principal business in a country that is a Sanctioned Country.

## 22.9 Intra-Group Transfers

Notwithstanding any other provision of this Agreement:

- (a) no Obligor may transfer, assign or otherwise dispose of any asset to any non-Obligor if, as a result of such transfer, assignment or disposition, the test in paragraph (a)(ii) of Clause 22.19 (*Guarantors*) would not be met if tested on a *pro forma* basis taking into account such transfer, assignment or disposition;
- (b) no Obligor may transfer, assign or otherwise dispose of any asset that is subject to the Transaction Security to any other Obligor, where Transaction Security will not upon or immediately following such transfer be in place in respect of such asset following the assignment, transfer or disposition; and
- (c) the Parent may not designate any member of the Restricted Group as an Unrestricted Subsidiary if, as a result of such designation, the test in paragraph (a)(ii) of Clause 22.19 (*Guarantors*) would not be met if tested on a *pro forma* basis taking into account such designation.

## 22.10 Holding Companies

No Holdco shall trade, carry on any business, own any assets or incur any liabilities except for:

- (a) the holding of shares in Subsidiaries and Joint Ventures not prohibited by this Agreement;
- (b) the ownership of intra-Group debit balances, intra-Group credit balances and other credit balances in bank accounts, cash and Cash Equivalent Investments but (subject to the Agreed Security Principles) only if those credit balances, cash and Cash Equivalent Investments are subject to the Transaction Security;
- (c) the making of Intra-Group Loans or loans to the extent that (subject to the Agreed Security Principles) such loans are subject to Transaction Security;

- (d) Security and guarantees (or similar) permitted under Schedule 11 (*Restrictive covenants*);
- (e) the entry into and performance of its obligations (and incurrence of liabilities) under the Transaction Documents and Note Documents to which it is a party;
- (f) the granting of Transaction Security to the Finance Parties in accordance with the terms of the Finance Documents;
- (g) the provision of administrative, managerial, financial statement accounting and legal services to other members of the Restricted Group of a type customarily provided by a Holding Company to its Subsidiaries and the ownership of assets necessary to provide such services;
- (h) subject to the Intercreditor Agreement, the making of or receipt of any Permitted Payment;
- (i) general corporate administration and compliance activities including without limitation those relating to entering into engagements and other service contracts on behalf of the Group, paying overhead costs and filing fees and other ordinary course expenses (such as audit fees and Taxes), other related activities and periodic reporting requirements;
- (j) in respect of any Holdco, any activity permitted to be taken by the Parent under Section 10.1 of Schedule 11 (*Restrictive Covenants*) hereto.

22.11 **Preservation of assets**

Each Obligor shall (and the Parent shall ensure that each member of the Restricted Group will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business where failure to do so would reasonably be expected to have a Material Adverse Effect.

22.12 **Pari passu ranking**

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

22.13 **Insurance**

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Restricted Group will) maintain insurances on and in relation to its material business and assets of an insurable nature against those risks and to the extent as is usual for companies carrying on the same or substantially similar business, where failure to do so would reasonably be expected to have a Material Adverse Effect.
- (b) All insurances must be with reputable independent insurance companies or underwriters.

**22.14 Change of Auditors**

No Obligor shall appoint any auditors other than one of the Auditors.

**22.15 Pensions**

The Parent shall ensure that all pension schemes operated by or maintained for the benefit of any member of the Restricted Group and/or any of their employees are fully funded to the extent required by their terms and applicable laws where failure to do so would reasonably be expected to have a Material Adverse Effect.

**22.16 Intellectual Property**

Each Obligor shall (and the Parent shall procure that each Restricted Group member will):

- (a) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the relevant Restricted Group member;
- (b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;
- (c) make registrations and pay all registration fees and Taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
- (d) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any member of the Restricted Group to use such property; and
- (e) not discontinue the use of the Intellectual Property,

where failure to do so, in the case of paragraphs (a), (b) and (c) above, or, in the case of paragraphs (d) and (e) above, such use, permission to use, omission or discontinuation, is other than in the ordinary course of day to day business and is reasonably likely to have a Material Adverse Effect.

**22.17 Share capital**

No Obligor shall (and the Parent shall ensure no member of the Restricted Group will) issue any shares except:

- (a) by the Parent to its direct Holding Company, paid for in full upon issue and which by their terms are not redeemable before the Termination Date and where such issue does not lead to a Change of Control of the Parent;
- (b) shares by a member of the Restricted Group to another member of the Restricted Group (other than the Parent (save in the case of Cabot Financial Holdings Group Limited, who may issue to the Parent)) and/or pro-rata to its minority shareholder(s) where (if the existing shares of the Subsidiary are the subject of the Transaction Security) the newly-issued shares held by the member of the Restricted Group also become subject to the Transaction Security on the same terms; or



- (c) in connection with a Permitted Joint Venture.

#### 22.18 **Treasury Transactions**

No Obligor shall (and the Parent will procure that no members of the Restricted Group will) enter into any Treasury Transaction, other than:

- (a) the hedging transactions permitted under the Existing Financing;
- (b) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and
- (c) any Treasury Transaction entered into in the ordinary course of business for the hedging of actual or projected real exposures arising in the ordinary course of a member of the Restricted Group's commercial activities and not for speculative purposes, including for the avoidance of doubt, the Existing Cap.

#### 22.19 **Guarantors**

- (a) The Parent shall ensure that subject to the Agreed Security Principles and paragraphs (b) and (c) below:
  - (i) all Material Companies which are members of the Restricted Group, and any member of the Restricted Group that is or becomes a guarantor in respect of the 2019 Notes, the 2020 Notes or the Cabot RCF Agreement, are Guarantors (in the case of any member of the Restricted Group that is or becomes a guarantor in respect of the 2019 Notes, the 2020 Notes or the Cabot RCF Agreement, before or simultaneously to becoming a guarantor in respect of the 2019 Notes, the 2020 Notes or the Cabot RCF Agreement); and
  - (ii) the aggregate of the earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA) of the Guarantors for each Financial Year and the aggregate gross assets (excluding goodwill) of the Guarantors (in each case calculated on an unconsolidated basis and excluding all intra-Restricted Group items and investments in Restricted Subsidiaries of any member of the Restricted Group) represents not less than 85 per cent. of Consolidated EBITDA for the corresponding Financial Year and consolidated gross assets (excluding goodwill) of all members of the Restricted Group, respectively, in each case calculated by reference to the most recently delivered set of Annual Financial Statements of the Group delivered under Clause 21.1 (*Financial Statements*) and adjusted to give *pro forma* effect to any acquisitions (including through mergers or consolidations) and dispositions that have taken place prior to the date on which the Financial Year ends.

- (b) Each Obligor must use, and must procure that the relevant person uses, all reasonable endeavours lawfully available to avoid any unlawfulness or personal liability. This includes agreeing to a limit on the amount guaranteed. The Agent may (but shall not be obliged to) agree to such a limit if, in its opinion, to do so would avoid the relevant unlawfulness or personal liability.
- (c) Subject to the Agreed Security Principles, any member of the Restricted Group that becomes a Material Company and any Material Company acquired in accordance with this Agreement after the Closing Date shall become a Guarantor and grant Security as the Agent may require (acting reasonably) and shall accede to the Intercreditor Agreement as soon as practicable and in any event within 45 days of delivery of any Annual Financial Statements delivered under Clause 21.1 (*Financial Statements*) or within (i) in the case of any Material Company established or incorporated in England and Wales, as soon as is reasonably practicable and in any event, 60 days of its acquisition or (ii) in the case of any other Material Company, as soon as is reasonably practicable and in any event, 90 days of its acquisition, as the case may be.
- (d) Notwithstanding any other provision of this Agreement, no member of the Target Group is required to provide a Guarantee hereunder if it is prohibited from providing such Guarantee by the Marlin Intercreditor.

#### 22.20 **Unrestricted Subsidiaries**

- (a) Subject to paragraph (c) of Clause 22.9 (*Intra-Group Transfers*), nothing in this Agreement shall restrict the Parent from designating any of its Subsidiaries as being Unrestricted Subsidiaries **provided that** such Subsidiary meets the requirements for such designation set out in Schedule 11 (*Restrictive Covenants*).
- (b) If a member of the Restricted Group is designated as an Unrestricted Subsidiary, each Obligor will (i) ensure that the Unrestricted Subsidiary does not (and will, for so long as it is an Unrestricted Subsidiary, not) legally or beneficially own shares in any Restricted Subsidiary; and (ii) use its reasonable endeavours to ensure that no member of the Restricted Group has any material liabilities (including pension, environmental and Tax liabilities) to or in respect of the Unrestricted Subsidiary and if any such material liability arises the Parent will promptly notify the Agent and procure that the Unrestricted Subsidiary becomes a Restricted Subsidiary as soon as reasonably practicable and in any event within 20 Business Days of the first date on which the Parent is aware of the material liability.

22.21 **Further assurance**

- (a) Subject to the Agreed Security Principles and the terms of the Transaction Security Documents, each Obligor shall (and the Parent shall procure that each member of the Restricted Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
  - (i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law;
  - (ii) to confer on the Security Agent or confer on the Finance Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Transaction Security Documents; and/or
  - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.
- (b) Subject to the Agreed Security Principles and the terms of the Transaction Security Documents, each Obligor shall (and the Parent shall procure that each member of the Restricted Group shall) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.
- (c) Each Obligor must use, and must procure that any other member of the Restricted Group that is a potential provider of Transaction Security uses, all reasonable endeavours lawfully available to avoid or mitigate the legal constraints on the provision of Security provided for in the Agreed Security Principles to the extent permitted under the Transaction Security Documents.

22.22 **ERC Model**

Prior to the Conversion Date, each Obligor shall ensure that the terms of the ERC Model are not amended, modified or waived, without the prior written consent of the Agent (acting reasonably) other than where (i) such amendments, modifications or waivers relate to reporting format changes for internal management purposes which would not affect the Lenders or (ii) changes are made in accordance with sub-paragraph (b)(iii) of Clause 21.2 (*Requirements as to financial statements*).

22.23 **Bank Accounts**

- (a) Each Obligor's bank accounts (and the Parent shall procure that each member of the Restricted Group's bank accounts) save, in each case, for any Excluded Bank Accounts, are held with a Lender, an Affiliate of a Lender or an Acceptable Bank.
- (b) Each Obligor (and the Parent shall procure that each member of the Restricted Group) shall keep any monies held on trust for third parties segregated from monies belonging to it in separate bank accounts.

22.24 **Post-Closing Covenants**

- (a) The Parent shall procure that:
  - (i) within 3 Business Days of the Acquisition Closing Date, it submits the stock transfer form relating to the acquisition of the issued share capital of the Target to HM Revenue & Customs for adjudication and stamping and, promptly following the return to it of the stamped form, will deliver that form to the Target, whereupon the Target will issue a new share certificate in the name of the Borrower;
  - (ii) as soon as possible and in any event within 3 Business Days of the return of the stamped form referred to in paragraph (i) above to the Parent, it delivers the following documents to the Security Agent:
    - (A) the original share certificate and stock transfer form duly executed by the Borrower in favour of the Security Agent or its nominee or in blank (as applicable) in relation to the entirety of the shares in the Target; and
    - (B) a certified extract of the register of members of the Target, the shares of which are subject to or expressed to be subject to the Transaction Security, showing the Borrower as registered holder of the shares in the Target.
- (b) The Parent shall procure that subject to, and on terms consistent with, the Agreed Security Principles if any Person is required to become a guarantor pursuant to Clause 22.19 (*Guarantors*) such Person accedes as an Additional Guarantor, grants the Transaction Security listed in Part III of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) and carries out any action to protect, perfect or give priority to the Transaction Security, subject to any grace periods for supply of notices contained in the relevant Transaction Security Documents.
- (c) The Parent shall use commercially reasonable efforts to cause the Group and the Target Group to, as soon as practicable after execution of the Acquisition Agreement, and in no event later than 24 March 2014, to prepare (i) an offering memorandum or private placement memorandum relating to the Securities (as defined in the Engagement Letter) (the "**Offering Document**") and other marketing materials which contain, except as otherwise agreed to by the

Arrangers, all financial statements and other data relating to the Group and the Target Group customarily included in such an Offering Document and all other data that would be necessary for an investment bank to receive customary “comfort” from independent accountants in connection with an offering and customary 10b-5 disclosure letters from counsel and (ii) a customary information memorandum or other document, in an appropriate form for, and to be used in connection with, a loan financing (as defined in the Engagement Letter) (each such document, the “**Information Memorandum**”) and other appropriate marketing materials, in each case, having due regard to any relevant prior documents used by the Group with respect to transactions of similar nature.

- (d) The financial statements and other data referred to in Clause 22.24(c) include:
- (i) audited consolidated financial information of each of the Group and the Target Group, in each case, prepared in accordance with UK GAAP including footnote disclosure accompanying the financial statements that is complete and in accordance with UK GAAP, which audited consolidated financial information will include consolidated statements of financial position as of the end of the last three fiscal years and consolidated statements of income, cash flow and changes in equity for the last three fiscal years and will be accompanied by an audit report on such financial statements by independent auditors for the Group and for the Target Group, as applicable, containing an unqualified audit opinion under UK GAAP;
  - (ii) unaudited interim consolidated financial statements of each of the Group and the Target Group as of and for any interim period (together with the comparable period for the prior year) following the audited consolidated financial information referred to in Clause 22.24(d)(i) above, each set of interim financial statements being prepared in accordance with UK GAAP and reviewed by a firm of independent auditors as provided in International Standard on Review Engagements (UK and Ireland) 2410 (or the local auditing standard equivalent);
  - (iii) pro forma income statements for the last completed financial year for which audited consolidated financial information is available for both the Group and the Target Group and for any interim period (together with the comparable period for the prior year) following the audited consolidated financial information referred to in Clause 22.24(d)(i) above, and a pro forma balance sheet as of the end of such interim period (together with the comparable period for the prior year) following the audited combined financial information referred to in Clause 22.24(d)(i) above (if any); and
  - (iv) other financial information derivable from the audited, unaudited and pro forma financial statements referred to in Clause 22.24(d)(i), (ii) and (iii) above and expected net proceeds from the Offering as is customary according to the then prevailing market standards, as evidenced by recent offerings of high yield senior secured debt securities by the Group and the Target Group, in each case meeting the

requirements for the Arrangers to receive a customary “comfort” letter from a firm of independent auditors issued pursuant to Statement of Auditing Standards No. 72 (or the applicable UK GAAP equivalent reasonably acceptable to the Arrangers) with negative assurance comfort, including with respect to the pro forma financial information in the Offering Document or Information Memorandum.

- (e) The Parent shall use commercially reasonable efforts to cause senior management of the Group and the Target Group to make themselves available for customary due diligence and verification sessions, drafting sessions and other steps as may be customary and appropriate for the Financing and the Consent Solicitation.
- (f) The Parent shall use commercially reasonable efforts to (i) cause senior management of the Group and the Target Group to prepare materials for presentation to one or more rating agencies for the purposes of obtaining ratings for the Financing and (ii) obtain a credit rating for the Permanent Financing from Moody’s Investor Services, Inc. and Standard & Poor’s Ratings Group.
- (g) The Parent shall use commercially reasonable efforts to cause senior management of the Group and the Target Group to provide such information to the Arrangers and their advisors as the Arrangers shall reasonably request in connection with legal and business due diligence.
- (h) The Parent shall use commercially reasonable efforts to cause counsel to the Parent to prepare and deliver to the Arrangers legal opinions and a Rule 10b-5 disclosure letter (in each case, not purporting to limit the liability of such counsel) in connection with any Offering (as defined in the Engagement Letter), in form and substance satisfactory to the Arrangers.
- (i) The Parent shall use commercially reasonable efforts to cause the Group and the Target Group to cause, in each case, a firm of independent auditors to prepare and deliver to the Arrangers at signing of any purchase agreement and closing of any Offering (as defined in the Engagement Letter) one or more comfort letters pursuant to Statement of Auditing Standards No. 72 or the applicable UK GAAP equivalent standard, in form and substance satisfactory to the Arrangers.
- (j) The Parent shall use commercially reasonable efforts to cause the listing of any Offering (as defined in the Engagement Letter) on the Euro MTF market of the Luxembourg Stock Exchange.
- (k) The Parent shall use commercially reasonable efforts to promptly notify the Arrangers (i) of any material adverse change, or development that may lead to any material adverse change, in the business, properties, operations, financial condition or prospects of the Group or the Target Group from the date of this Agreement and (ii) if any information furnished by the Group to the Arrangers during the period of the Arrangers’ engagement under the Engagement Letter is or becomes inaccurate, incomplete or misleading in any material respect.

- (l) In connection with any Offering (as defined in the Engagement Letter), the Parent shall use commercially reasonable efforts to as soon as practicable negotiate a purchase agreement containing such terms, covenants, conditions, representations, warranties and indemnities as are customary in similar transactions (giving due regard to relevant precedent transactions between the Parent and the Arrangers) and providing for the delivery of legal opinions, Rule 10b-5 disclosure letters of counsel, comfort letters with negative assurance comfort (including SAS 72 letters or the applicable UK GAAP equivalent standard) and officers' certificates customarily required in similar transactions, all in form and substance reasonably satisfactory to the Agent, the Arrangers and their counsel, as well as such other terms and conditions as the Arrangers and its counsel may reasonably consider appropriate giving due regard to similar transactions. The Parent agrees that it will use commercially reasonable efforts to promptly negotiate other appropriate documents, each in form and substance reasonably satisfactory to the Parent and the Arrangers or their affiliates (taking into account precedent transactions by the Group and the then prevailing market standards, as evidenced by recent Rule 144A offerings of high yield debt securities by European issuers with comparable credit), relating to any Offering (as defined in the Engagement Letter), including, without limitation, indentures, guarantees, security agreements, pledge agreements, opinions of counsel and other related definitive documents.
- (m) In connection with any Loan Financing (as defined in the Engagement Letter), the Parent shall use commercially reasonable efforts to promptly negotiate any documentation containing such terms, covenants, conditions, representations, warranties and indemnities as are customary in similar transactions. The Parent agrees that it will use commercially reasonable efforts to promptly negotiate other appropriate documents, each in form and substance reasonably satisfactory to the Parent and the Arrangers or their affiliates (taking into account precedent transactions by the Group and the then prevailing market standards), relating to any Loan Financing (as defined in the Engagement Letter), including, without limitation, guarantees, security agreements, pledge agreements, opinions of counsel and other related definitive documents.
- (n) In connection with the Consent Solicitation, the Parent shall use commercially reasonable efforts to, or shall use commercially reasonable efforts to cause the relevant Subsidiary thereof to, promptly negotiate a solicitation agency agreement containing such terms, covenants, conditions, representations, warranties and indemnities as are customary in similar transactions. The Parent agrees that it will use commercially reasonable efforts to, or shall use commercially reasonable efforts to cause the relevant Subsidiary thereof to, promptly negotiate other appropriate documents, each in form and substance reasonably satisfactory to the Parent and the Agent or its affiliates (taking into account precedent transactions by the Group and the then prevailing market standards), relating to the Consent Solicitation, including, without limitation, opinions of counsel and other related definitive documents.
- (o) The Parent shall and shall cause its Subsidiaries to comply with the transaction steps set forth in the Tax Structure Report, in each case in accordance with the timeline, described therein (if any).

- (p) The Parent shall, and shall use best efforts to cause the Target Group to, as soon as practicable after execution of the Acquisition Agreement, prepare the Consent Solicitation Statement which shall contain, except as otherwise agreed to by the Lenders, customary disclosure applicable to consent solicitations of similar scope and nature (giving due consideration to any relevant Group precedent) relating to the Group, the Target Group, the Acquisition and the proposed amendments to the terms of the Existing Target Notes customarily included in such a consent solicitation statement. Pursuant to the Consent Solicitation, the Parent and the Target shall seek consent to, among other things, (i) the CoC Amendment, (ii) the replacement of Marlin Financial Intermediate II Limited with the Parent as the “Company” for purposes of the Existing Target Notes (or a consent with similar effect), (iii) any other amendments of the Existing Target Notes or the intercreditor agreement dated 25 July 2013 between, among others, Marlin Financial Intermediate II Limited, Marlin Intermediate Holdings plc, Investec Bank plc, as RCF agent, The Bank of New York Mellon, London Branch, as trustee, and the financial institutions party thereto (the “**Marlin Intercreditor**”) as agreed by the Parent and the Solicitation Agent. The Consent Solicitation Statement will provide for a consent payment, as consideration for the consent to the CoC Amendment and the other amendments proposed in the Consent Solicitation Statement, of at least £1 for each £1,000 principal amount of Existing Target Notes for which a consent is validly delivered pursuant to the Consent Solicitation. The Parent will cause the Consent Solicitation Statement to be delivered to the holders of the Existing Target Notes as promptly as practicable after execution of the Acquisition Agreement, and in no event later than the later of (i) 11 February 2014 and (ii) one business day after execution of the Acquisition Agreement. Such period may be extended from time to time by mutual agreement of the Original Borrower and the Solicitation Agent (provided that any extension by more than five Business Days in the aggregate will require consent of the Majority Lenders).
- (q) If the Parent and the Target have not obtained consent to replace Marlin Financial Intermediate II Limited with the Parent as the “Company” for purposes of the Existing Target Notes (or a consent with a similar effect) pursuant to the Consent Solicitation, the Parent shall use its best efforts to procure that (i) all or substantially all the assets of Marlin Financial Intermediate II Limited are transferred to the Parent pursuant to which the Parent shall become the “Company” for purposes of the Existing Target Notes and (ii) all or substantially all the assets of Marlin Midway Limited are transferred to the Luxembourg Guarantor pursuant to which Luxembourg Guarantor shall become the “Issuer” for the purposes of the Existing Target Notes, or transactions with a similar effect (such transactions collectively, the “**Reorganisation**”), as soon as practicable after the CoC Amendment Deadline and prior to the earlier of (i) 24 March 2014 and (ii) the Refinancing Date (for the avoidance of doubt, on a best efforts basis).
- (r) If consent to the CoC Amendment is not obtained from the requisite number of holders of the Existing Target Notes in the Consent Solicitation on or prior to the CoC Amendment Deadline, the Parent shall or shall cause the relevant Subsidiary thereof to send a notice of the Change of Control Offer (as defined in the Existing Target Note Indenture) to the holders of the Existing Target Notes and the trustee under the Existing Target Notes within 2 Business Days after the



CoC Amendment Deadline in accordance with, and subject to, the terms of the Existing Target Notes, and to establish the earliest possible Change of Control Repayment Date following the CoC Amendment Deadline in each case pursuant to and in accordance with the terms of the Existing Note Indenture and Rule 14e-1 under the Exchange Act;

- (s) The Parent shall or shall cause the relevant Subsidiary thereof to deliver a notice of cancellation of the Marlin RCF Agreement to the agent thereunder immediately following the consummation of the Acquisition.

## 23. EXCHANGE NOTES

### 23.1 Exchange Note Indentures

- (a) The Borrower shall negotiate in good faith with the Arrangers the form of the Exchange Note Indentures with respect to the Exchange Notes, which Exchange Note Indentures shall be governed by New York law. The Exchange Note Indentures will be based on the terms set out in this Clause 23 and will have the same covenants and events of default as set forth in the 2020 Note Indenture (as in effect on the date hereof).
- (b) The Borrower and the Arrangers agree to negotiate and finalise the Exchange Note Indentures to be entered into pursuant to this Clause 23.1 no later than 60 days before the Initial Maturity Date.
- (c) The Exchange Note Indentures shall be fully executed and delivered and the Exchange Notes shall be fully executed and deposited into escrow not later than the earlier of: (i) 60 days before the Initial Maturity Date and (ii) five days after the occurrence of a Demand Failure Event or such later date as the Arrangers may agree with the Original Borrower.
- (d) The Borrower will appoint a trustee acceptable to the Arrangers to act as the Exchange Note Trustee.
- (e) Except as otherwise expressly provided in Clause 23.2 (*Exchange Notes*), the provisions of the Exchange Note Indentures shall be substantially identical (except with respect to the applicable interest rate and/or interest payment dates) to the terms of the 2020 Note Indenture as in effect on the date hereof.
- (f) In connection with the execution of the Exchange Note Indentures, the Borrower shall furnish (i) an opinion from New York law legal counsel in form and substance reasonably satisfactory to the Exchange Note Trustee, stating that, upon issuance of Exchange Notes in consideration for an equal amount of Term Loans, each Exchange Note Indentures shall constitute a legal, valid and binding obligation of the Borrower and the Guarantors, enforceable against each of the Borrower and the Guarantors in accordance with its terms and (ii) an opinion from relevant local law legal counsel in form and substance reasonably satisfactory to the Exchange Note Trustee, stating that, the Borrower and the Guarantors have legal capacity to enter into such Exchange Note Indentures (provided that in jurisdictions where it is customary for such opinions to be provided by counsel to the lenders, the Exchange Note Trustee shall use reasonable endeavours to procure the provision of such opinions from such legal counsel).

## 23.2 Exchange Notes

- (a) Each Lender may, from time to time on any Business Day (but no more than on two occasions in any Month) on or after the Conversion Date, elect pursuant to an Exchange Request given in accordance with Clause 23.3 (*Manner of Exchange of Term Loans*) below, to exchange (i) all or any portion of its Facility A Term Loans (if any) then outstanding for one or more Facility A Exchange Notes or (ii) all or any portion of its Facility B Term Loans (if any) then outstanding for one or more Facility B Exchange Notes (each such exchange being referred to herein as an “**Exchange**”); *provided* that the Borrower may defer the first issuance of Exchange Notes until such time as it has received Exchange Requests to issue Exchange Notes in an aggregate principal amount of at least £30,000,000 and, thereafter, until such time as the Borrower has received Exchange Requests in an aggregate principal amount of at least £5,000,000.
- (b) The principal amount of the Facility A Exchange Notes or Facility B Exchange Notes in any Exchange will equal 100 per cent. of the aggregate principal amount of the respective participation in the Facility A Term Loan or Facility B Term Loan, respectively (including any accrued interest not required to be paid in cash) for which it is exchanged and shall be issued at an issue price equal to such principal amount of the participation in the Facility A Term Loans or Facility B Term Loans for which they are exchanged.
- (c) Each Exchange Note shall:
  - (i) be governed by New York law;
  - (ii) be denominated in Sterling;
  - (iii) rank *pari passu* with the Term Loans to the extent that any Term Loans remain outstanding;
  - (iv) be issued pursuant to and shall be governed by and construed solely in accordance with the applicable Exchange Note Indentures;
  - (v) require that the issuer of the Exchange Notes submits to the non-exclusive jurisdiction and venue of the U.S. Federal and state courts of the State of New York and waive any right to trial by jury;
  - (vi) subject to the Agreed Security Principles, be guaranteed by the same entities that guarantee the Term Loans secured by the same assets securing the Term Loans and have the same rights on enforcement as the Term Loans;
  - (vii) will have the same repayment profile as the Term Loans and will mature on the Final Maturity Date;

- (viii) bear interest from and including the Exchange Date to and including the Final Maturity Date and bear interest at a fixed rate per annum (calculated on the basis of actual number of days elapsed over a year of 365 days) that is equal to the Total Cap (excluding default interest); *provided that* in no event shall the interest rate on the Exchange Notes (along with any fees or expenses due in connection with the Exchange Notes) exceed the highest rate permitted under applicable law;
- (ix) provide that interest will be payable semi-annually in arrears, with the first interest payment date being on the first six-month anniversary of the Initial Maturity Date after the issuance of the relevant Exchange Note;
- (x) provide that (notwithstanding the call provisions set out in this Clause 23.2(c)) the issuer of the Exchange Notes shall have the right at any time to redeem all or part of any Lender Exchange Note (on a *pro rata* basis) at a price equal to par plus accrued and unpaid interest and additional amounts (if any) with no premium or penalty payable thereon;
- (xi) provide that upon a Change of Control, the issuer of the Exchange Notes will be required to repurchase the Exchange Notes at a price in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase unless the issuer of the Exchange Notes redeems such Exchange Notes pursuant to the call provisions set out in this Clause 23.2(d);
- (xii) provide that all payments in respect of the Exchange Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law and that if withholding or deduction is required by law, the issuer of the Exchange Notes will pay additional amounts so that the net amount received by holders of the Exchange Notes is no less than the amount that would have been received by the holders of the Exchange Notes in the absence of such withholding or deduction; and
- (xiii) (save with respect to any Lender Exchange Notes which, unless a Demand Failure Event has occurred, shall be callable at par plus accrued and unpaid interest and additional amounts (if any)) be non-callable until (but excluding) 1 August 2016. Thereafter, each Exchange Note (including, if a demand Demand Failure Event has occurred, any Lender Exchange Notes) will be callable at par plus accrued and unpaid interest and additional amounts (if any) plus a premium as specified below, which premium shall decline on each yearly anniversary of such date as follows:

<b>Date</b>	<b>Premium</b>
From (and including) 1 August 2016 until (but excluding) 1 August 2017	75% of the applicable annual coupon payment on the Exchange Notes
From (and including) 1 August 2017 until (but excluding) 1 August 2018	50% of the applicable annual coupon payment on the Exchange Notes
From (and including) 1 August 2018 until (but excluding) 1 August 2019	25% of the applicable annual coupon payment on the Exchange Notes
From (and including) 1 August 2019 and thereafter	Zero

*provided that:*

- (A) prior to 1 August 2016, the issuer of the Exchange Notes may redeem such Exchange Notes at a make-whole price based on the applicable Gilt Rate with a maturity closest to 1 August 2016 plus 50 basis points plus any accrued and unpaid interest and additional amounts (if any);
  - (B) prior to 1 August 2016, the issuer of the Exchange Notes may redeem up to 35% of such Exchange Notes with proceeds from an Equity Offering at a price equal to par plus the coupon on such Exchange Notes plus any accrued and unpaid interest and additional amounts (if any) on such Exchange Notes within 120 days of such Equity Offering;
  - (C) the issuer of the Exchange Notes may redeem, in whole but not in part, the Exchange Notes at a price equal to par plus any accrued and unpaid interest and additional amounts (if any) upon the occurrence of certain customary specified changes relating to the tax laws of the United Kingdom, Luxembourg or other relevant jurisdictions; and
- (xiv) be listed on the Euro MTF market of the Luxembourg Stock Exchange or another exchange-regulated market of a recognised European stock exchange; and
- (xv) provide that amendments, waivers, and consents under the Facility A Exchange Notes or the Facility B Exchange Notes may be made with the consent of holders thereof holding more than 50% of the aggregate principal amount of the Facility A Exchange Notes or the Facility B Exchange Notes, as the case may be, then outstanding, except that any matter that under the 2020 Note Indenture (as in effect on the date hereof) would require the consent of holders of the 2020 Notes holding

more than 90% of the aggregate principal amount of the 2020 Notes then outstanding will require the consent of holders of the Facility A Exchange Notes or the Facility B Exchange Notes, as the case may be, holding more than 90% of the aggregate principal amount of the Facility A Exchange Notes or the Facility B Exchange Notes, as applicable, then outstanding; and

- (xvi) if required in order for the Exchange Notes to accede to the Marlin Intercreditor as Pari Passu Debt, issued by the Luxembourg Guarantor, and the Parent and the Original Borrower shall cause the Luxembourg Guarantor to take all actions necessary to effect such issuance.
- (d) Notwithstanding anything in this Agreement to the contrary, holders of Exchange Notes will have the absolute and unconditional right to transfer such Exchange Notes in compliance with applicable law to any third parties subject to customary representations.

### 23.3 Manner of Exchange of Term Loans

- (a) Subject to Clause 23.2 (*Exchange Notes*), in order to effect an Exchange a Lender shall provide the Agent and Borrower with a duly completed Exchange Request at least five Business Days prior to an Exchange Date (which shall also be a Business Day) selected by such Lender for an Exchange in compliance with Clause 23.2 (*Exchange Notes*) above. Each Exchange Request under this Clause 23.3 shall specify the following:
  - (i) the Lender's legal name;
  - (ii) the Exchange Date selected by such Lender;
  - (iii) subject to Clause 25 (*Changes to the Lenders*), the name of the proposed registered holder of the Exchange Notes to be issued pursuant to the Exchange Request, and the address for delivery of the Exchange Notes to be delivered thereto;
  - (iv) the principal amount of that Lender's Facility A Term Loan or Facility B Term Loan to be repaid and the corresponding principal amount of Exchange Notes to be issued pursuant to the Exchange Request, provided that the minimum denominations in which a Facility A Term Loan or Facility B Term Loan may be exchanged shall be at least £100,000 and integral multiples of £1,000 in excess thereof;
  - (v) the amount of each Exchange Note requested (which shall be at least £100,000 and integral multiples of £1,000 in excess thereof); and
  - (vi) that the Exchange Request is delivered pursuant to this Clause 23.3.

In addition, such Lender shall provide such other information reasonably requested by the Agent.

- (b) Upon receipt of an Exchange Request under this Clause 23.3, the Agent shall send written notice of such proposed Exchange to the Exchange Note Trustee, with a copy to the Borrower, that shall specify the information contained in such Exchange Request, and shall deliver the Exchange Note(s) to the Exchange Note Trustee for authentication and thereafter use all reasonable endeavours to deliver them to the registered holder or holders thereof on the date specified in the Exchange Request.
- (c) Upon delivery of the Exchange Notes pursuant to this Clause 23.3, the Agent shall cancel each Loan so exchanged.

#### 23.4 Not a registered security

- (a) Each Lender acknowledges that none of the Exchange Notes will be registered under the Securities Act and represents and agrees that it may only acquire Exchange Notes for its own account and that it will not, directly or indirectly, transfer, sell, assign, pledge or otherwise dispose of the Exchange Notes (or any interest therein) unless such transfer, sale, assignment, pledge or other disposition is made (i) pursuant to an effective registration statement under the Securities Act (which neither the Parent, nor any of its Subsidiaries has any obligation to prepare and/or file) or (ii) pursuant to an available exemption from registration under, and otherwise in compliance with, the Securities Act, and in case in compliance with laws of any other applicable jurisdiction. Each of the Lenders acknowledges that the Exchange Notes will bear a legend restricting the transfer thereof in accordance with the Securities Act.
- (b) Subject to the provisions of the previous paragraph, the Borrower and each Guarantor agrees that, each Lender will be able to sell or transfer all or any part of the Exchange Notes to any third party in compliance with applicable laws.

## 24. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 24 is an Event of Default (save for Clause 24.18 (*Acceleration*)).

### 24.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document (with respect to the Transaction Security Documents, in connection with the Facilities only) at the place at and in the currency in which it is expressed to be payable unless:

- (a) in respect of any payments of principal or Interest, its failure to pay is caused by administrative or technical error or a Disruption Event and payment is made within three (3) Business Days of its due date; and
- (b) in respect of any other payment (which does not fall within paragraph (a) above), payment is made within five (5) Business Days of its due date.

### 24.2 Financial statements

- (a) An Obligor does not comply with the provisions of Clauses 21.1 (*Financial statements*) and paragraphs (a) and (b) of Clause 21.2 (*Requirements as to financial statements*).

- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within five (5) Business Days of the earlier of (i) the Agent giving notice to the Parent or relevant Obligor (as the case may be) and (ii) the Parent or an Obligor (as the case may be) becoming aware of the failure to comply.

#### 24.3 Other obligations

- (a) An Obligor does not comply with any provision of the Finance Documents to which it is a party (other than those referred to in Clause 24.1 (*Non-payment*) and Clause 24.2 (*Financial statements*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within fifteen (15) Business Days of the earlier of (i) the Agent giving notice to the Parent or the relevant Obligor, as the case may be, and (ii) the Parent or an Obligor, as the case may be, becoming aware of the failure to comply.

#### 24.4 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents to which it is a party or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document to which it is a party is or proves to have been incorrect or misleading (in the case of any statement or representation which is not subject to a materiality threshold in accordance with its terms, in any material respect) when made or deemed to be made and, if the circumstances causing such misrepresentation are capable of remedy within such period, such Obligor shall have failed to remedy such circumstances within fifteen (15) Business Days of the earlier of (i) the Agent giving notice to the Parent or the relevant Obligor, as the case may be, and (ii) the Parent or the relevant Obligor, as the case may be, becoming aware of the failure to comply.

#### 24.5 Cross default

- (a) Any Financial Indebtedness of any member of the Restricted Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any member of the Restricted Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any member of the Restricted Group is cancelled or suspended by a creditor of any member of the Restricted Group as a result of an event of default (however described).
- (d) Any creditor or note trustee or other representative of any member of the Restricted Group becomes entitled to declare any Financial Indebtedness of any member of the Restricted Group due and payable prior to its specified maturity as a result of an event of default (however described).

- (e) No Event of Default will occur under this Clause 24.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than £5,000,000 (or its equivalent in any other currency or currencies) and excluding in any case any Financial Indebtedness to the extent owed by one member of the Restricted Group to another member of the Restricted Group.

#### 24.6 Insolvency

The occurrence of any of the following:

- (a) An Obligor or a Material Company is unable or admits inability to pay its debts as they fall due or is deemed (other than as a result of its assets being less than its liabilities) to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (other than in respect of the Finance Documents) with a view to rescheduling any of its indebtedness.
- (b) A moratorium is declared in respect of any indebtedness of any Obligor or Material Company.

#### 24.7 Insolvency proceedings

(a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (i) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or Material Company;
- (ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor or Material Company;
- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Obligor or Material Company or any of its assets;
- (iv) enforcement of any Security over any assets of any Obligor or Material Company,  
and in particular, as regards the Luxembourg Guarantor, no “*faillite*”, “*gestion controlee*”, “*sursis des paiements*”, “*préventif de la faillite*” or “*liquidation judiciaire ou volontaire*”.

(b) Paragraph (a) shall not apply to:

- (i) any winding-up petition, case or proceeding which is frivolous or vexatious and is discharged, stayed or dismissed within fourteen (14) days of commencement; or
- (ii) any Permitted Reorganisation.



#### 24.8 **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of an Obligor or a Material Company having an aggregate value of £10,000,000 and is not discharged within twenty (20) Business Days.

#### 24.9 **Unlawfulness and invalidity**

- (a) It is or becomes unlawful for any person (other than a Finance Party) that is a party to a Finance Document to perform any of its obligations thereunder or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective or any subordination created under the Intercreditor Agreement is or becomes unlawful, ineffective or unenforceable, in each case in a manner which materially adversely affects the interests of the Lenders under the Finance Documents.
- (b) Any obligation or obligations of any person (other than a Finance Party) under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation materially adversely affects the interests of the Lenders under the Finance Documents.

#### 24.10 **Intercreditor Agreement**

Any member of the Restricted Group or any Structural Creditor (as defined in the Intercreditor Agreement) that is party to the Intercreditor Agreement fails to comply in any material respect with the provisions of, or does not perform its obligations under, the Intercreditor Agreement and if the non-compliance or failure to perform is capable of remedy, it is not remedied within fifteen (15) Business Days of the earlier of the Agent giving notice to that party or that party becoming aware of the non-compliance or failure to perform.

#### 24.11 **Change of ownership**

- (a) After the Closing Date, an Obligor (other than the Parent) ceases to be a wholly-owned Subsidiary of the Parent other than as a result of a Permitted Reorganisation or transaction permitted under this Agreement; or
- (b) An Obligor ceases to own at least the same percentage of shares in a Material Company as on the Closing Date, except as a result of a Permitted Reorganisation or transaction permitted under this Agreement.

#### 24.12 **Audit qualification**

The Auditors of the Restricted Group qualify the audited annual consolidated financial statements of the Parent:

- (a) on the grounds that the Auditors are unable to prepare those financial statements on a going concern basis;

- (b) where that qualification is otherwise in terms or as to issues which would be reasonably likely to materially and adversely affect the interests of the Finance Parties taken as a whole under the Finance Documents; or
- (c) on the basis of non-disclosure or inaccurate disclosure.

24.13 **Expropriation**

The authority or ability of any member of the Restricted Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Restricted Group or its respective assets which has or is reasonably likely to have a Material Adverse Effect.

24.14 **Repudiation and rescission of agreements**

An Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security to which it is a party.

24.15 **Litigation**

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against any member of the Restricted Group or its respective assets which has or is reasonably likely to have a Material Adverse Effect.

24.16 **Material adverse change**

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

24.17 **Cessation of business**

An Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

24.18 **Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Parent:

- (a) cancel the Total Commitments at which time they shall immediately be cancelled;
- (b) declare that all or part of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;

- (c) declare that all or part of the Utilisations be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or
- (d) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

24.19 **Initial Maturity Date**

Subject to Clause 25 (*Investment Grade Status*), if an Event of Default has occurred and is continuing on the Initial Maturity Date such Event of Default shall not be deemed cured solely as a result of the Initial Loans being extended into Term Loans, and shall continue until such time as that Event of Default is cured or waived in accordance with this Agreement.

24.20 **Clean-Up Period**

Notwithstanding any other provision of this Agreement or any other Finance Document, the occurrence of any Event of Default (other than an Event of Default under Clauses 24.1 (*Non-Payment*), 24.11 (*Interc Creditor Agreement*) or 24.17 (*Material Adverse Change*) during the Clean-Up Period will be deemed not to be a breach of representation or warranty, a breach of covenant or an Event of Default (as the case may be) if:

- (a) it would have been (if it were not for this provision) a breach of representation or warranty, a breach of covenant or an Event of Default only by reason of circumstances relating exclusively to any member of the Target Group (or any obligation to procure or ensure in relation to a member of the Target Group);
- (b) it is capable of remedy and if the Parent is aware of the relevant circumstances at the time, reasonable steps are being taken to remedy it;
- (c) the circumstances giving rise to it have not been procured by or approved by any member of the Group (other than the Target Group), provided that knowledge of the breach of representation or warranty, breach of covenant or Event of Default does not equal procurement or approval by any member of the Group (other than the Target Group); and
- (d) it is not reasonably likely to have a Material Adverse Effect.

If the relevant circumstances are continuing after the Clean-Up Period, there shall be a breach of representation or warranty, breach of covenant or Event of Default, as the case may be notwithstanding the above (and without prejudice to the rights and remedies of the Finance Parties).

24.21 **Excluded Matters**

None of the steps or events set out in the Tax Structure Report or the actions or intermediate steps necessary to implement any of those steps, actions or events shall constitute a breach of any representation or warranty or undertaking contained in the Finance Documents or result in the occurrence of an Event of Default and shall be expressly permitted under the terms of the Finance Documents.

25. **INVESTMENT GRADE STATUS**

25.1 For so long as the Notes (or any Permitted Financial Indebtedness issued by a member of the Restricted Group to refinance or replace the Notes or in exchange for the Notes) have an Investment Grade Status (the “**Suspense Period**”), the following clauses of this Agreement shall not apply:

- (a) Clauses 21.5 (*Presentations*) and 21.6 (*Year-end*);
- (b) Clauses 22.14 (*Insurance*), 22.16 (*Pensions*), 22.18 (*Share capital*) and 22.19 (*Treasury Transaction*).

25.2 Any obligations arising under the Clauses specified in Clause 25.1 above and, in the case that a Suspense Period ceases to apply, any events or circumstances properly taken at any time during a Suspense Period (and not taken in contemplation of the Suspense Period coming to an end) that would but for this Clause 25 have given rise to a misrepresentation, breach, Default or Event of Default and which would as a result of the Suspense Period ceasing to apply constitute a misrepresentation, breach, Default or Event of Default, shall be deemed not to give rise to a misrepresentation, breach, Default or Event of Default.

26. **CHANGES TO THE LENDERS**

26.1 **Assignments and transfers by the Lenders**

Subject to this Clause 26 and Clause 27 (*Restriction on Debt Purchase Transactions*), a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under any Finance Document to another bank or financial institution or to a trust, fund or any other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “**New Lender**”).

26.2 **Conditions of assignment or transfer**

- (a) Subject to paragraph (b) below, the consent of the Parent is required before an Existing Lender may make an assignment or transfer in accordance with Clause 26.1 (*Assignments and transfers by the Lenders*) prior to the Initial Maturity Date which would result in any Original Lender holding less than 50.1% of the aggregate principal amount of its Facility A Commitment or Facility B Commitment as of the Closing Date or the Loans made by it under Facility A or Facility B, as applicable, unless the assignment or transfer is:
  - (i) to another Lender or an Affiliate of a Lender;
  - (ii) to any bank or financial institution;

- (iii) if the Existing Lender is a fund, to a fund which is a Related Fund of the Existing Lender; or
  - (iv) made at a time when an Event of Default or Demand Failure Event is continuing.
- (b) Notwithstanding anything else in this Agreement, in no circumstances may an Existing Lender make an assignment or transfer to, or enter into any sub-participation with, a person:
- (i) that is incorporated or established, or carries on business, in a jurisdiction that is a Sanctioned Country; or
  - (ii) is a Competitor,
- unless that person is already a Lender (other than as a result of a breach of this Clause 26.2 (*Conditions of Assignment or Transfer*)) or that assignment or transfer is made at a time when a Demand Failure Event is continuing, and any assignment or transfer purported to be made other than in compliance with this condition shall be void *ab initio*.
- (c) An assignment will only be effective on:
- (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender;
  - (ii) the New Lender entering into the documentation required for it to accede as a party to the Intercreditor Agreement; and
  - (iii) the performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.
- (d) The amount of the Existing Lender’s Commitment assigned or transferred must be a minimum of £1,000,000 and in integral multiples of £1,000,000 unless the assignment or transfer is:
- (i) to another Lender or an Affiliate of a Lender;
  - (ii) if the Existing Lender is a fund, to a fund which is a Related Fund of the Existing Lender;
  - (iii) made at a time when an Event of Default is continuing; or
  - (iv) of all of the relevant Existing Lender’s Commitment (and not part thereof).

- (e) A transfer will only be effective if the New Lender enters into the documentation required for it to accede as a party to the Intercreditor Agreement and if the procedure set out in Clause 26.6 (*Procedure for transfer*) is complied with.
- (f) If:
- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office or nominates a branch or affiliate that is not an Existing Lender to participate in any Facility under Clause 4.7 (*Lending Affiliates*); and
  - (ii) as a result of circumstances existing at the date the assignment, transfer, change or nomination, an Obligor would be obliged to make a payment to the New Lender, affiliate or Lender acting through its new Facility Office or branch under Clause 15.1 (*Increased costs*) or Clause 14 (*Tax gross up and indemnities*),
- then the New Lender, affiliate or Lender acting through its new Facility Office or branch is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer, change or nomination had not occurred. This paragraph (f) shall not apply, (i) in respect of an assignment or transfer made in the ordinary course of the primary syndication of the facilities or (ii) in relation to Clause 14.2 (*Tax gross-up*), to a Treaty Lender that has included a confirmation of its scheme reference number and its jurisdiction of tax residence in accordance with paragraph (g)(ii)(B) of Clause 14.2 (*Tax gross-up*) if the Obligor making the payment has not made a Borrower DTTP Filing in respect of that Treaty Lender.
- (g) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.
- (h) The Agent, acting solely for this purpose as an agent of the Parent and Borrowers, shall maintain a copy of each Transfer Certificate, Assignment Agreement and Increase Confirmation delivered to it and a register for the recording of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Utilisations owing or attributable 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 Obligors, the Agent 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. The Register shall be available for inspection by the Parent and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

### 26.3 Agreement between Arrangers

- (a) The Arrangers hereby agree between themselves that, until the earlier of (i) 31 May 2014 and (ii) the delivery of a Permanent Financing Notice (as defined in the Fee Letter at paragraph (a) of such definition), unless otherwise agreed among all the Arrangers, each Arranger will not and will procure that none of its subsidiaries or affiliates will, enter into (or agree to enter into) any agreement with any bank or financial institution, or with any 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, under which that bank, financial institution, trust, fund or other entity shares any risk or participates in the exposure of any Arranger (or its affiliate or subsidiary which is a Lender under this Agreement) under the Initial Facility A Loans, the Initial Facility B Loans or any Commitments in respect thereof. Each of the Arrangers confirms that it has not, and that none of its subsidiaries or affiliates have, entered into (or agreed to enter into) any such agreement on or prior to the date of this Agreement.
- (b) Paragraph (a) above shall not prohibit any agreement (i) whereby Initial Facility A Loans, Initial Facility B Loans or any Commitments in respect thereof will be sold, participated, assigned or transferred by the Arrangers (or its affiliate or subsidiary which is a Lender under this Agreement) on a pro rata basis in accordance with their Commitments (disregarding any Arranger (or its affiliate or subsidiary which is a Lender under this Agreement) that declines to participate in such sale, participation, assignment or transfer), (ii) entered into by an Arranger (or its affiliate or subsidiary which is a Lender under this Agreement) solely with its subsidiaries or affiliates; or (iii) entered into by an Arranger (or its affiliate or subsidiary which is a Lender under this Agreement) or in each case any of its subsidiaries or affiliates who in each case is operating on the public side of an information barrier unless such person is acting on the instructions of a person who has received Confidential Information.
- (c) Paragraph (a) and paragraph (b) above constitute an agreement solely between the Arrangers and may be waived or amended only with the consent of all the Arrangers and no consent from any Obligor shall be required. No Obligor shall have any responsibility to monitor compliance with the terms of this Clause 26.3 (*Agreement between Arrangers*).

### 26.4 Assignment or transfer fee

Unless the Agent otherwise agrees and excluding an assignment or transfer (i) to an Affiliate of a Lender, (ii) to a Related Fund or (iii) made in connection with primary syndication of the Facilities, the New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of £2,500.

## 26.5 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
  - (i) the legality, validity, effectiveness, adequacy or enforceability of the Transaction Documents, the Transaction Security or any other documents;
  - (ii) the financial condition of any Obligor;
  - (iii) the performance and observance by any Obligor or any other member of the Group of its obligations under the Transaction Documents or any other documents; or
  - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document or any other document, and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:
  - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
  - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 25; or
  - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Transaction Documents or otherwise.

## 26.6 Procedure for transfer

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.



- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 26.10 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the “**Discharged Rights and Obligations**”);
  - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor or other member of the Restricted Group and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
  - (iii) the Agent, the Arrangers, the Security Agent, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arrangers, the Security Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
  - (iv) the New Lender shall become a Party as a “Lender”.

#### 26.7 Procedure for assignment

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 26.10 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
  - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 26.7 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 26.6 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*).

#### 26.8 **Copy of Transfer Certificate, Assignment Agreement or Increase Confirmation to Parent**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, Assignment Agreement or Increase Confirmation send to the Parent a copy of that Transfer Certificate, Assignment Agreement or Increase Confirmation.

#### 26.9 **Security over Lenders’ rights**

In addition to the other rights provided to Lenders under this Clause 26.9, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or other Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

26.10 **Pro rata interest settlement**

If the Agent has notified the Lenders that it is able to distribute interest payments on a “*pro rata* basis” to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 26.6 (*Procedure for transfer*) or any assignment pursuant to Clause 26.7 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date (“**Accrued Amounts**”) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
- (b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts so that, for the avoidance of doubt:
  - (i) when the Accrued Amounts become payable, those Accrued Amounts will be payable for the account of the Existing Lender; and
  - (ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 26.10, have been payable to it on that date, but after deduction of the Accrued Amounts.

26.11 **Sub-participations**

Nothing in this Agreement shall restrict the ability of a Lender to sub-participate or sub-contract any or all of its rights and/or obligations hereunder, **provided that:**

- (a) such Lender remains a Lender under this Agreement with all rights and obligations pertaining thereto and remains liable under this Agreement in relation to those obligations sub-participated; and
- (b) prior to the Conversion Date, such Lender retains the unrestricted right to exercise no less than 50.1% of the voting and similar rights in respect of its Commitments (the “**Voting Rights**”), free of any obligation to act on the instructions of any other person.

26.12 **Voting**

If a transfer or sub-participation does not comply with the conditions set out in this Clause 26, the New Lender's (or, in the case of a sub-participation, the Existing Lender's) Commitments and/or participation shall not be included for the purpose of calculating the Total Commitments, Facility A Total Commitments, Facility B Total Commitments, Incremental Facility Commitments or participations under the Facilities or, as applicable, the relevant Facility when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments, Facility A Total Commitments, Facility B Total Commitments, Incremental Facility Commitments and/or participations has been obtained.

26.13 **Acquisition Closing Date**

To the extent an Original Lender assigns, transfers or enters into a sub-participation or sub-contract prior to the Acquisition Closing Date (in accordance with Clause 26.2 (*Conditions of Assignment or Transfer*)) in respect of any of its Facility A Commitments, such Original Lender shall remain liable to fund the full amount of its Facility A Commitment (as at the date of this Agreement) on the Acquisition Closing Date notwithstanding any assignment, transfer or sub-participation or sub-contract of such Facility A Commitment prior to such date and provided further that:

- (a) that Original Lender retains exclusive control over all rights and obligations in relation to its Commitment, including all rights in relation to waivers, consents, modifications and amendments and confirmations as to satisfaction of conditions precedent regardless of any agreement or understanding with any transferee, assignee or sub-participant pursuant to which it is required to or will consult with any other person in relation to the exercise of any such rights and/or obligations; and
- (b) if that Original Lender assigns or transfers any portion of its Facility A Commitment prior to the Acquisition Closing Date and the transferee becomes a Defaulting Lender with respect to its obligation to provide its pro rata share of a Loan to be made on the Acquisition Closing Date under Facility A then the Original Lender which has made the assignment or transfer (or sub-participation or sub-contract) agrees to provide the amount that the Defaulting Lender was obliged to provide up to the amount that such Original Lender had assigned or transferred to such Defaulting Lender and the Parent agrees to exercise its rights under Clause 38.4 (*Replacement of Lender*) to enable an assignment or a transfer of the Commitment of the Defaulting Lender back to the Original Lender which had assigned or transferred the commitment to the Defaulting Lender as soon as possible after the Acquisition Closing Date.

27. **RESTRICTION ON DEBT PURCHASE TRANSACTIONS**

27.1 **Prohibition on Debt Purchase Transactions by the Group**

The Parent shall not, and shall procure that no other member of the Group shall, enter into any Debt Purchase Transaction or beneficially own all or any part of the share capital of a company that is a Lender or a party to a Debt Purchase Transaction of the type referred to in paragraphs (b) or (c) of the definition of Debt Purchase Transaction.

## 27.2 Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates

- (a) For so long as a Sponsor Affiliate (i) beneficially owns a Commitment or (ii) has entered into a sub-participation agreement relating to a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated:
- (i) in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments, Facility A Total Commitments, Facility B Total Commitments and/or Incremental Facility Total Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents such Commitment shall be deemed to be zero; and
  - (ii) for the purposes of Clause 38.3 (*Exceptions*), such Sponsor Affiliate or the person with whom it has entered into such sub-participation, other agreement or arrangement shall be deemed not to be a Lender (unless in the case of a person not being a Sponsor Affiliate it is a Lender by virtue otherwise than by beneficially owning the relevant Commitment).
- (b) Each Lender shall, unless such Debt Purchase Transaction is an assignment or transfer, promptly notify the Agent in writing if it knowingly enters into a Debt Purchase Transaction with a Sponsor Affiliate (a “**Notifiable Debt Purchase Transaction**”), such notification to be substantially in the form set out in Part I of Schedule 10 (*Forms of Notifiable Debt Purchase Transaction Notice*).
- (c) A Lender shall promptly notify the Agent if a Notifiable Debt Purchase Transaction to which it is a party:
- (i) is terminated; or
  - (ii) ceases to be with a Sponsor Affiliate,
- such notification to be substantially in the form set out in Part II of Schedule 10 (*Forms of Notifiable Debt Purchase Transaction Notice*).
- (d) Each Sponsor Affiliate that is a Lender agrees that:
- (i) in relation to any meeting or conference call to which all the Lenders are invited to attend or participate, it shall not attend or participate in the same if so requested by the Agent or, unless the Agent otherwise agrees, be entitled to receive the agenda or any minutes of the same; and
  - (ii) in its capacity as Lender, unless the Agent otherwise agrees, it shall not be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Agent or one or more of the Lenders.

## 28. CHANGES TO THE OBLIGORS

### 28.1 Assignment and transfers by Obligors

No Obligor or any other member of the Restricted Group may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

### 28.2 Additional Borrowers

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 21.10 (“*Know your customer*” checks), the Parent may request that any of its wholly owned Subsidiaries becomes a Borrower under a Facility. That Subsidiary shall become a Borrower under that Facility if:
- (i) it is incorporated in the same jurisdiction as an existing Borrower or if all the Lenders approve the addition of that Subsidiary;
  - (ii) the Parent and that Subsidiary deliver to the Agent a duly completed and executed Accession Deed;
  - (iii) the Subsidiary is (or becomes) a Guarantor prior to becoming a Borrower;
  - (iv) the Parent confirms that no Default is continuing or would occur as a result of that Subsidiary becoming an Additional Borrower; and
  - (v) the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) in relation to that Additional Borrower, each in form and substance satisfactory to the Agent.
- (b) The Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*).

### 28.3 Resignation of a Borrower

- (a) In this Clause 28.3, Clause 28.5 (*Resignation of a Guarantor*) and Clause 28.7 (*Resignation and release of security on disposal*), “**Third Party Disposal**” means the disposal of an Obligor or a Holding Company of an Obligor to a person which is not a member of the Group where that disposal is permitted by this Agreement or the Intercreditor Agreement (and the Parent has confirmed this is the case).
- (b) If a Borrower, other than the Original Borrower, is the subject of a Third Party Disposal, the Parent may request that such Borrower (other than the Parent) ceases to be a Borrower by delivering to the Agent a Resignation Letter.

- (c) The Agent shall accept a Resignation Letter and notify the Parent and the other Finance Parties of its acceptance if:
  - (i) the Parent has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;
  - (ii) the Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents; and
  - (iii) where the Borrower is also a Guarantor (unless its resignation has been or is contemporaneously accepted in accordance with Clause 28.5 (*Resignation of a Guarantor*)), its obligations in its capacity as Guarantor continue to be legal, valid, binding and enforceable and in full force and effect (subject to the Legal Reservations) and the amount guaranteed by it as a Guarantor is not decreased (and the Parent has confirmed this is the case).
- (d) Upon notification by the Agent to the Parent of its acceptance of the resignation of a Borrower, that company shall cease to be a Borrower and shall have no further rights or obligations under the Finance Documents as a Borrower except that the resignation shall not take effect (and the Borrower will continue to have rights and obligations under the Finance Documents) until concurrently with the Third Party Disposal taking effect.
- (e) The Agent may, at the reasonable cost and expense of the Parent, require a customary legal opinion from counsel to the Agent confirming the matters set out in paragraph (b)(iii) above and the Agent shall be under no obligation to accept a Resignation Letter until it has obtained such opinion in form and substance satisfactory to it.

#### 28.4 Additional Guarantors

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 21.10 (*“Know your customer” checks*), the Parent may request that any of its Subsidiaries become a Guarantor.
- (b) A member of the Group shall become an Additional Guarantor if:
  - (i) the Parent and the proposed Additional Guarantor deliver to the Agent a duly completed and executed Accession Deed; and
  - (ii) the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.
- (c) The Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*).

## 28.5 Resignation of a Guarantor

- (a) The Parent may request that a Guarantor (other than the Parent) ceases to be a Guarantor by delivering to the Agent a Resignation Letter if:
  - (i) that Guarantor is being disposed of by way of a Third Party Disposal (as defined in Clause 28.3 (*Resignation of a Borrower*)) or as a result of the disposal of Charged Property that is otherwise permitted by this Agreement or the Intercreditor Agreement or is designated as an Unrestricted Subsidiary to the extent permitted by this Agreement and the Parent has confirmed this is the case; or
  - (ii) subject to clause 27.2(b) (*Amendments and Waivers: Transaction Security Documents*) of the Intercreditor Agreement, the Super Majority Lenders, have consented to the resignation of that Guarantor.
- (b) The Agent shall accept a Resignation Letter and notify the Parent and the Lenders of its acceptance if:
  - (i) the Parent has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter and the test in paragraph (a)(ii) of Clause 22.19 (*Guarantors*) will be met following acceptance of the Resignation Letter;
  - (ii) no payment is due from the Guarantor under Clause 19.1 (*Guarantee and indemnity*); and
  - (iii) where the Guarantor is also a Borrower, it is under no actual or contingent obligations as a Borrower and has resigned and ceased to be a Borrower under Clause 28.3 (*Resignation of a Borrower*).
- (c) The resignation of that Guarantor shall not be effective until the date of the relevant Third Party Disposal or disposal of Charged Property, or until the confirmation of the Parent referred to in paragraph (b)(i) above is received or the consent referred to in paragraph (a)(ii) above is granted (as applicable), at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents as a Guarantor.

## 28.6 Repetition of Representations

Delivery of an Accession Deed constitutes confirmation by the relevant Subsidiary that the representations and warranties referred to in paragraph (d) of Clause 20.32 (*Times when representations made*) are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.



## 28.7 Resignation and release of security on disposal

If a Borrower or Guarantor (or Holding Company of a Borrower or Guarantor) is or is proposed to be the subject of a Third Party Disposal, or there is a disposal of Charged Property that is otherwise permitted under Schedule 11 (*Restrictive Covenants*) or the Intercreditor Agreement then:

- (a) where that Borrower or Guarantor created Transaction Security over any of its assets or business (or Transaction Security otherwise exists over the Charged Property to be disposed of) in favour of the Security Agent or, as applicable, the Finance Parties, or Transaction Security in favour of the Security Agent or, as applicable, the Finance Parties was created over the shares (or equivalent) of that Borrower or Guarantor, the Security Agent or, as applicable, the Finance Parties shall, at the cost and request of the Parent, release those assets, business or shares (or equivalent) and issue certificates of non-crystallisation;
- (b) the resignation of that Borrower or Guarantor and related release of Transaction Security referred to in paragraph (a) above shall not become effective until the date of that disposal; and
- (c) if the disposal of that Borrower or Guarantor or Holding Company of that Borrower or Guarantor is not made, the Resignation Letter of that Borrower or Guarantor and the related release of Transaction Security referred to in paragraph (a) above shall have no effect and the obligations of the Borrower or Guarantor and the Transaction Security created or intended to be created by or over that Borrower or Guarantor shall continue in such force and effect as if that release had not been effected.

## 29. ROLE OF THE AGENT, THE ARRANGER AND OTHERS

### 29.1 Appointment of the Agent

- (a) Each of the Arranger and the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arranger and the Lenders authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

### 29.2 Instructions

- (a) The Agent shall:
  - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:
    - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision;

- (B) the Super Majority Lenders if the relevant Finance Document stipulates the matter is a Super Majority Lender decision; and
  - (C) in all other cases, the Majority Lenders; and
- (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Agent may refrain from acting unless and until it receives those instructions or that clarification.
  - (c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties save for the Security Agent.
  - (d) The Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.
  - (e) In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.
  - (f) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (f) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security Documents.

### 29.3 Duties of the Agent

- (a) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (c) Without prejudice to Clause 26.8 (*Copy of Transfer Certificate or Assignment Agreement or Increase Confirmation to Parent*) paragraph (b) above shall not apply to any Transfer Certificate, any Assignment Agreement or any Increase Confirmation.

- (d) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (f) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, the Arrangers or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.
- (g) The Agent shall provide to the Parent within 15 Business Days of a request by the Parent (but no more frequently than once per calendar Month), a list (which may be in electronic form) setting out the names of the Lenders as at the date of that request, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.
- (h) The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

#### 29.4 **Role of the Arranger**

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

#### 29.5 **No fiduciary duties**

- (a) Nothing in this Agreement constitutes the Agent and/or the Arranger as a trustee or fiduciary of any other person.
- (b) None of the Agent, the Security Agent or any Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

## 29.6 Business with the Group

The Agent, the Security Agent and each Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

## 29.7 Rights and discretions

- (a) The Agent may rely on:
- (i) any representation, notice or document (including, without limitation, any notice given by a Lender pursuant to paragraph (b) or paragraph (c) of Clause 27.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*)) believed by it to be genuine, correct and appropriately authorised; and
  - (ii) assume that:
    - (A) any instructions received by it from the Majority Lenders, any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and
    - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
  - (iii) rely on a certificate from any person:
    - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
    - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
- (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 24.1 (*Non-payment*));
  - (ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised;
  - (iii) any notice or request made by the Parent (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors; and
  - (iv) no Notifiable Debt Purchase Transaction:
    - (A) has been entered into;

- (B) has been terminated; or
  - (C) has ceased to be with a Sponsor Affiliate.
- (c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
  - (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Agent may at any time engage and pay for the services of any lawyers (at its own cost) to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be desirable.
  - (e) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
  - (f) The Agent may act in relation to the Finance Documents through its officers, employees and agents and the Agent shall not be liable for any error of judgment made by any such person unless such error or such loss was directly caused by the Agent's (or such officer's, employee's or agent's) gross negligence or wilful misconduct.
  - (g) Unless a Finance Document expressly provides otherwise, the Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
  - (h) Without prejudice to the generality of paragraph (d) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Parent and shall disclose the same upon the written request of the Parent or the Majority Lenders.
  - (i) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent or any Arrangers is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
  - (j) The Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Agent by any Lender for the purpose of paragraph (a)(ii) of Clause 12.2 (*Market disruption*).

#### 29.8 **Majority Lenders' instructions**

- (a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties other than the Security Agent.
- (c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (d) In the absence of instructions from the Majority Lenders (or, if appropriate, the Lenders), the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (e) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

29.9 **Responsibility for documentation**

Neither the Agent nor any Arranger is responsible or liable for:

- (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, an Arranger, an Obligor or any other person given in or in connection with any Finance Document, the Tax Structure Report or the transactions contemplated in the Finance Documents;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or the Transaction Security; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

29.10 **No duty to monitor**

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

29.11 **Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent or the Manager), neither the Agent nor the Arranger will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:
- (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct;
  - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security; or
  - (iii) without prejudice to the generality of paragraphs (i) and (ii) above (but subject to the carve-out for any damage, costs or loss caused by its gross negligence or wilful misconduct), any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:
    - (A) any act, event or circumstance not reasonably within its control; or
    - (B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalization, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

- (b) No Party (other than the Agent or the Arranger, as relevant) may take any proceedings against any officer, employee or agent of the Agent or Arranger as relevant in respect of any claim it might have against the Agent or an Arranger, as relevant, in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Document and any officer, employee or agent of the Agent or Arrangers, as relevant, may rely on this Clause 29.11 (*Exclusion of liability*) subject to Clause 1.3 (*Third party rights*) and the provisions of the Third Parties Act.

- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or any Arranger to carry out any “know your customer” or other checks in relation to any person or any check on the extent to which any transactions contemplated by this Agreement might be unlawful for any lender, in either case on behalf of any Lender and each Lender confirms to the Agent and each Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.

**29.12 Lenders’ indemnity to the Agent and Arranger**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent and the Arranger, within three (3) Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent or the Arranger (otherwise than by reason of the Agent’s or the Arranger’s gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 32.11 (*Disruption to Payment Systems etc.*)) notwithstanding the Agent’s or the Arranger’s negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent or Arranger in acting as Agent or Arranger under the Finance Documents (unless the Agent or Arranger has been reimbursed by an Obligor pursuant to a Finance Document).

**29.13 Resignation of the Agent**

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the Lenders and the Parent.
- (b) Alternatively the Agent may resign by giving 30 days’ notice to the Lenders and the Parent, in which case the Majority Lenders (after consultation with the Parent) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Agent (after consultation with the Parent) may appoint a successor Agent (acting through an office in the United Kingdom).
- (d) If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under paragraph (c) above, the Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade



the proposed successor Agent to become a party to this Agreement as Agent) agree with the proposed successor Agent amendments to this Clause 29 and any other term of this Agreement dealing with the rights or obligations of the Agent consistent with the then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor Agent's normal fee rates and those amendments will bind the Parties.

- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (c) above) but shall remain entitled to the benefit of this Clause 16.3 (*Indemnity to the Agent*). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (h) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:
  - (i) the Agent fails to respond to a request under Clause 14.8 (*FATCA Information*) and the Parent or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
  - (ii) the information supplied by the Agent pursuant to Clause 14.8 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
  - (iii) the Agent notifies the Parent and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) the Parent or a Lender believes that a Party may be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Parent, by notice to the Agent, requires it to resign.

**29.14 Replacement of the Agent**

- (a) After consultation with the Parent, the Majority Lenders may, by giving 30 days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent (acting through an office in the United Kingdom).
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligation under paragraph (b) above) but shall remain entitled to the benefit of this Clause 16.3 (*Indemnity to the Agent*) and this Clause 29 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

**29.15 Confidentiality**

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Arrangers are obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

**29.16 Relationship with the Lenders**

- (a) Subject to Clause 26.10 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
  - (i) entitled to or liable for any payment due under any Finance Document on that day; and

- (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five (5) Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

- (b) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 34.6 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 34.2 (*Addresses*) and paragraph (a)(iii) of Clause 34.6 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

#### 29.17 **Credit appraisal by the Lenders**

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document and each Lender confirms to the Agent and each Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

29.18 **Reference Banks**

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Parent) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

29.19 **Agent's management time**

- (a) Any amount payable to the Agent under Clause 16.3 (*Indemnity to the Agent*), Clause 18 (*Costs and expenses*) and Clause 29.12 (*Lenders' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify in advance to the Parent and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 13 (*Fees*).
- (b) Any cost of utilising the Agent's management time or other resources shall include, without limitation, any such costs in connection with Clause 27.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*).

29.20 **Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

29.21 **Reliance and engagement letters**

Each Finance Party and Secured Party confirms that each of the Arrangers and the Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arrangers or Agent) the terms of any reliance letter or engagement letters provided in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of such reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

30. **CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

## 31. SHARING AMONG THE LENDERS

### 31.1 Payments to Lenders

If a Lender (a “**Recovering Lender**”) receives or recovers any amount from an Obligor other than in accordance with Clause 32 (*Payment mechanics*) (a “**Recovered Amount**”) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Lender shall, within three (3) Business Days, notify details of the receipt or recovery, to the Agent;
- (b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Lender would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 32 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Lender shall, within three (3) Business Days of demand by the Agent, pay to the Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Lender as its share of any payment to be made, in accordance with Clause 32.6 (*Partial payments*).

### 31.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Lenders (other than the Recovering Lender) (the “**Sharing Lenders**”) in accordance with Clause 32.6 (*Partial payments*) towards the obligations of that Obligor to the Sharing Lenders.

### 31.3 Recovering Lender’s rights

On a distribution by the Agent under Clause 31.2 (*Redistribution of payments*) of a payment received by a Recovering Lender from an Obligor, as between the relevant Obligor and the Recovering Lender, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

### 31.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Lender becomes repayable and is repaid by that Recovering Lender, then:

- (a) each Sharing Lender shall, upon request of the Agent, pay to the Agent for the account of that Recovering Lender an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Lender for its proportion of any interest on the Sharing Payment which that Recovering Lender is required to pay) (the “**Redistributed Amount**”); and

- (b) as between the relevant Obligor and each relevant Sharing Lender, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

### 31.5 Exceptions

- (a) This Clause 31 shall not apply to the extent that the Recovering Lender would not, after making any payment pursuant to this Clause 31, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Lender is not obliged to share with any other Lender any amount which the Recovering Lender has received or recovered as a result of taking legal or arbitration proceedings, if:
  - (i) it notified the other Lenders of the legal or arbitration proceedings; and
  - (ii) the other Lenders had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

## 32. PAYMENT MECHANICS

### 32.1 Payments to the Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to Euro, in a principal financial centre in a Participating Member State or London) with such bank as the Agent specifies.

### 32.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 32.3 (*Distributions to an Obligor*) and Clause 32.4 (*Clawback*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five (5) Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to Euro, in the principal financial centre of a Participating Member State or London).

### 32.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 33 (*Set-Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

### 32.4 Clawback

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) Unless paragraph (c) applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.
- (c) If the Agent is willing to make available amounts for the account of a Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to a Borrower:
  - (i) the Agent shall notify the Parent of that Lender's identity and the Borrower to whom that sum was made available shall on demand refund it to the Agent; and
  - (ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower to whom that sum was made available, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

### 32.5 Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 32.1 (*Payments to the Agent*) may instead either pay that amount direct to the required recipient or, if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of "Acceptable Bank" and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment (the "**Paying Party**") and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the "**Recipient Party**" or "**Recipient Parties**"). In each case such payments must be made on the due date for payment under the Finance Documents.

- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or Recipient Parties *pro rata* to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 32.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 29.14 (*Replacement of the Agent*), each Paying Party (other than to the extent that that Party has given an instruction pursuant to paragraph € below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution to the Recipient Party or Recipient Parties in accordance with Clause 32.2 (*Distributions by the Agent*).
- (e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:
  - (i) that it has not given an instruction pursuant to paragraph (d) above; and
  - (ii) that it has been provided with the necessary information by that Recipient Party,give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

### 32.6 Partial payments

- (a) If the Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:
  - (i) first, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Agent and the Security Agent under those Finance Documents;
  - (ii) secondly, in or towards payment *pro rata* of any accrued interest, fee or commission due but unpaid under those Finance Documents;
  - (iii) thirdly, in or towards payment *pro rata* of any principal due but unpaid under those Finance Documents;



- (iv) fourthly, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

32.7 **Set-off by Obligors**

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

32.8 **Business Days**

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

32.9 **Currency of account**

- (a) Subject to paragraphs (b) to (c) below, the Base Currency is the currency of account and payment for any sum due under any Finance Document.
- (b) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in such other currency.

32.10 **Change of currency**

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
  - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Parent); and

- (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Parent) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

**32.11 Disruption to Payment Systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Parent that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Parent, consult with the Parent with a view to agreeing with the Parent such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Parent in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Parent shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 38 (*Amendments and Waivers*);
- (e) the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 32.11; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

**33. SET-OFF**

A Finance Party may set-off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

**34. NOTICES**

**34.1 Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

**34.2 Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of the Parent, that identified with its name below;
- (b) in the case of each Lender or any other Obligor, that identified with its name below or, alternatively, if no such details are identified, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and
- (c) in the case of the Agent or the Security Agent, that identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five (5) Business Days' notice.

**34.3 Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
  - (i) if by way of fax, when received in legible form; or
  - (ii) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under Clause 34.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or Security Agent's signature below (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).

- (c) All notices from or to an Obligor shall be sent through the Agent.
- (d) Any communication or document made or delivered to the Parent in accordance with this Clause 34.3 will be deemed to have been made or delivered to each of the Obligors.

**34.4 Notification of address and fax number**

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 34.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

**34.5 Communication when Agent is Impaired Agent**

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

**34.6 Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means to the extent that these two parties:
  - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
  - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (iii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- (b) Any electronic communication made between these two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.
- (c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

### 34.7 Use of websites

- (a) The Parent may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the “**Website Lenders**”) who accept this method of communication by posting this information onto an electronic website designated by the Parent and the Agent (the “**Designated Website**”) if:
- (i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
  - (ii) both the Parent and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and
  - (iii) the information is in a format previously agreed between the Parent and the Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically then the Agent shall notify the Parent accordingly and the Parent shall at its own cost supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Parent shall at its own cost supply the Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Parent and the Agent.
- (c) The Parent shall promptly upon becoming aware of its occurrence notify the Agent if:
- (i) the Designated Website cannot be accessed due to technical failure;
  - (ii) the password specifications for the Designated Website change;
  - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
  - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
  - (v) the Parent becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Parent notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Parent under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

- (d) Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Parent shall at its own cost comply with any such request within ten (10) Business Days.

#### **34.8 English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

### **35. CALCULATIONS AND CERTIFICATES**

#### **35.1 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

#### **35.2 Certificates and determinations**

- (a) Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.
- (b) Where any person gives a certificate on behalf of any parties to the Finance Documents pursuant to any provision thereof and such certificate proves to be incorrect, the individual shall incur no personal liability in consequence of such certificate being incorrect save where such individual acted fraudulently or recklessly in giving such certificate (in which case any liability of such individual shall be determined in accordance with applicable law).

#### **35.3 Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

### **36. PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

**37. REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

**38. AMENDMENTS AND WAIVERS**

**38.1 Intercreditor Agreement**

Subject to Clause 1.4 (*Intercreditor Agreement*) this Clause 38 is subject to the terms of the Intercreditor Agreement.

**38.2 Required consents**

- (a) Subject to Clause 38.3 (*Exceptions*) and Clause 38.2(d), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Parent and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 38.
- (c) Each Obligor agrees to any such amendment or waiver permitted by this Clause 38 which is agreed to by the Parent. This includes any amendment or waiver which would, but for this paragraph (c), require the consent of all of the Guarantors.
- (d) The Agent shall notify the Lenders reasonably promptly of any amendments or waivers proposed by the Parent.

**38.3 Exceptions**

- (a) An amendment or waiver that has the effect of changing or which relates to:
  - (i) the definitions of “Majority Lenders” or “Super Majority Lenders” in Clause 1.1 (*Definitions*) or “Change of Control” in Schedule 12 (*Restrictive Covenants*);
  - (ii) an extension to the date of payment of any amount under the Finance Documents;
  - (iii) the extension of the Availability Period;

- (iv) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
- (v) a change in currency of payment of any amount under the Finance Documents;
- (vi) an increase in or an extension of any Commitment or the Total Commitments;
- (vii) a change to the Borrowers or Guarantors other than in accordance with Clause 28 (*Changes to the Obligors*);
- (viii) any provision which expressly requires the consent of all the Lenders;
- (ix) Clause 2.4 (Finance Parties' rights and obligations), Clause 26 (Changes to the Lenders) or this Clause 38;
- (x) Clause 8.1 (*Change of Control*), Clause 8.2 (*Equity Proceeds*), Clause 8.3 (*Debt Financing*) and Clause 8.4 (*Take-Out Financing*); and
- (xi) subject to the terms of the Intercreditor Agreement, any amendment to the order of priority or subordination under the Intercreditor Agreement, or the manner in which the proceeds of enforcement of the Transaction Security are distributed,

shall not be made without the prior consent of all the Lenders, unless it is the result of an increase to a Facility pursuant to Clause 2.2 (*Increase*) or Clause 2.3 (*Incremental Increase in Commitments*), in which case no consent of any Lender (other than each Increase Lender and each Incremental Facility Lender as applicable) shall be required for such increase.

- (b) An amendment or waiver which relates to the rights or obligations of the Agent, any Arranger or the Security Agent (each in their capacity as such) may not be effected without the consent of the Agent, that Arranger or, as the case may be, the Security Agent.
- (c) Any amendment or waiver which relates to the rights or obligations applicable to a particular Utilisation, Facility or class of Lenders and which does not materially and adversely affect the rights or interests of Lenders in respect of other Utilisations, Facilities or another class of Lender shall only require the consent of the Majority Lenders, Super Majority Lenders or all the Lenders (as applicable) as if references in this paragraph (e) to "Lenders" were only to Lenders participating in that Utilisation, Facility or forming part of that affected class.
- (d) The release of all or substantially all the Transaction Security requires the consent of all the Lenders **provided that** the release of all or substantially all the Transaction Security (i) required to effect a Permitted Reorganisation, or (ii) upon final repayment and cancellation of each Facility, shall be promptly granted by the Security Agent and no Lender consents will be required.



- (e) The release of any Transaction Security over any asset under any Transaction Security Document or the amendment to any Transaction Security Document requires the prior consent of the Super Majority Lenders provided that the release of any Transaction Security or amendment to any Transaction Security Document (i) required to effect a Permitted Reorganisation, or (ii) in respect of a disposal permitted by the provision of this Agreement, shall be promptly granted by the Security Agent and no Super Majority Lender consents will be required.
- (f) An amendment or waiver which relates to the rights or obligations of the Agent, the Arranger or the Security Agent (each in their capacity as such) may not be effected without the consent of the Agent, the Arranger or the Security Agent, as the case may be.
- (g) If any Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any of the terms of any Finance Document within 15 Business Days (unless the Parent and the Agent agree to a longer time period in relation to any request) of that request being made, its Commitment and/or participation shall not be included for the purpose of calculating the Total Commitments, Facility A Total Commitments, Facility B Total Commitments, Incremental Facility Total Commitments or participations under the relevant Facility when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments, Facility A Total Commitments, Facility B Total Commitments, Incremental Facility Total Commitments and/or participations has been obtained to approve that request.

#### 38.4 Replacement of Lender

- (a) If at any time:
  - (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (c) below); or
  - (ii) an Obligor becomes obliged to repay any amount in accordance with Clause 7.1 (*Illegality*) or to pay additional amounts pursuant to Clause 15.1 (*Increased Costs*) or Clause 14.2 (*Tax gross up*) or Clause 14.3 (*Tax indemnity*) to any Lender in excess of amounts payable to the other Lenders generally,

then the Parent may, on five (5) Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Parent (excluding a member of the Group and if such entity is a Sponsor Affiliate, **provided that** such transfer shall be in accordance with Clause 27 (*Restriction on Debt Purchase Transactions*)), which confirms its willingness to assume and does assume all the obligations of the transferring Lender (including the assumption of the transferring Lender's participations on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest and/or Break Costs and other amounts payable in relation thereto under the Finance Documents.

- (b) The replacement of a Lender pursuant to this Clause 38.4 shall be subject to the following conditions:
- (i) the Parent shall have no right to replace the Agent or Security Agent in their capacity as Agent or Security Agent;
  - (ii) neither the Agent nor the Lender shall have any obligation to the Parent to find a Replacement Lender;
  - (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 45 days after the date the Non-Consenting Lender notifies the Parent and the Agent of its failure or refusal to give a consent in relation to, or agree to any waiver or amendment to the Finance Documents requested by the Parent; and
  - (iv) in no event shall the Lender replaced under this paragraph (b) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents.
- (c) In the event that:
- (i) the Parent or the Agent (at the request of the Parent) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;
  - (ii) the consent, waiver or amendment in question requires the approval of more than the Majority Lenders; and
  - (iii) the Majority Lenders have consented or agreed to such waiver or amendment,
- then any Lender who does not consent or agree to such waiver or amendment shall be deemed a “**Non-Consenting Lender**”.

### 38.5 Disenfranchisement of Defaulting Lenders

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments, Facility A Total Commitments, Facility B Total Commitments and/or Incremental Facility Total Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender’s Commitments will be reduced by the amount of its Available Commitments.

- (b) For the purposes of this Clause 38.5, the Agent may assume that the following Lenders are Defaulting Lenders:
- (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
  - (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of “Defaulting Lender” has occurred,
- unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

### 38.6 Replacement of a Defaulting Lender

- (a) The Parent may, at any time a Lender has become and continues to be a Defaulting Lender, by giving five (5) Business Days’ prior written notice to the Agent and such Lender:
- (i) replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement; or
  - (ii) require such Lender to (and such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of the undrawn Commitment of the Lender;
- to a Lender or other bank, financial institution, trust, fund or other entity (a “**Replacement Lender**”) selected by the Parent which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender (including the assumption of the transferring Lender’s participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause 38.6 shall be subject to the following conditions:
- (i) the Parent shall have no right to replace the Agent or Security Agent in their capacity as Agent or Security Agent;
  - (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Parent to find a Replacement Lender;
  - (iii) the transfer must take place no later than 45 days after the notice referred to in paragraph (a) above; and

- (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

## 39. CONFIDENTIALITY

### 39.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 39.2 (*Disclosure of Confidential Information*) and Clause 39.3 (*Disclosure to numbering service providers*) and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

### 39.2 Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and it agrees to be bound by the same confidentiality restrictions as the Finance Party who is disclosing the information and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
- (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
  - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
  - (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (b) of Clause 29.16 (*Relationship with the Lenders*));

- (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
- (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (vi) to whom information is required by law to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (vii) who is a Party;
- (viii) to whom or for those benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 26.9 (*Security over Lenders' rights*) (provided such person is not a Competitor); or
- (ix) with the consent of the Parent;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
- (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(viii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Parent and the relevant Finance Party;
- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.
- (e) the size and term of the Facilities and the name of the Obligors to any investor or a potential investor in a securitisation (or similar transaction of broadly equivalent economic effect) of that Finance Parties' rights or obligations under the Finance Documents.

### 39.3 Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities and/or one or more Obligors the following information:
  - (i) names of Obligors;
  - (ii) country of domicile of Obligors;
  - (iii) place of incorporation of Obligors;
  - (iv) date of this Agreement;
  - (v) Clause 41 (*Governing Law*);
  - (vi) the names of the Agent and the Arranger;
  - (vii) date of each amendment and restatement of this Agreement;
  - (viii) amount of Total Commitments;
  - (ix) amounts and currencies of the Facilities;
  - (x) type of Facilities;
  - (xi) ranking of Facilities;

- (xii) Termination Date for Facilities;
  - (xiii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xii) above; and
  - (xiv) such other information agreed between such Finance Party and the Parent,  
to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Obligor represents that none of the information set out in paragraphs (i) to (xiv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Agent shall promptly notify the Parent and the other Finance Parties of:
- (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities and/or one or more Obligors; and
  - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities and/or one or more Obligors by such numbering service provider.

#### 39.4 Entire agreement

This Clause 39 (*Confidentiality*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

#### 39.5 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

#### 39.6 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Parent:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 39.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 39 (*Confidentiality*).

#### 39.7 Continuing obligations

The obligations in this Clause 39 (*Confidentiality*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve Months from the earlier of:

- (a) the date on which all amounts payable by the Obligor under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

#### 40. COUNTERPARTS

Each Finance Document 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 the Finance Document.

#### 41. GOVERNING LAW

- (a) Subject to paragraph (b) below, this Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed and enforced in accordance with, English law.
- (b) Notwithstanding paragraph (a) above, Schedule 11 (*Restrictive Covenants*) shall be interpreted in accordance with New York law.

#### 42. ENFORCEMENT

##### 42.1 Jurisdiction of English courts

- (a) Subject to paragraph (b) below, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**"). In this regard, the Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.



- (b) Notwithstanding paragraph (a) above, this Clause 42.1 is for the benefit of the Finance Parties and Secured Parties only. As a result, no Finance Party or Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

#### 42.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):
- (i) irrevocably appoints Cabot Financial (Europe) Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document (and Cabot Financial (Europe) Limited by its execution of this Agreement, accepts that appointment);
  - (ii) confirms that it has irrevocably appointed Corporation Service Company as its agent for service of process in relation to any proceedings before the federal court sitting in the County and City of New York in connection with any Finance Document; and
  - (iii) agrees that failure by an agent for service of process to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Parent (on behalf of all the Obligors) must immediately (and in any event within ten (10) Business Days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.
- (c) Each Obligor expressly agrees and consents to the provisions of this Clause 42 and Clause 41 (*Governing law*).

#### 43. WAIVER OF JURY TRIAL

Each Party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, any other Finance Document or the transactions contemplated thereby (whether based on contract, tort or any other theory). Each Party (a) certifies that no representative, agent or attorney or any other party has represented, expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other Parties have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Clause 43.

**44. PATRIOT ACT**

Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies each Obligor that, pursuant to the requirements of the USA PATRIOT Act, such Lender is required to obtain, verify and record information that identifies such Obligor, which information includes the name and address of such Obligor and other information that will allow such Lender to identify such Obligor in accordance with the USA PATRIOT Act.

**45. POWERS OF ATTORNEY**

If any of the parties to this Agreement is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Agreement or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by English law, it is hereby expressly acknowledged and accepted by the other parties hereto that such laws shall govern the existence and extent of such attorney's authority and the effects of the exercise thereof.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

**SCHEDULE 1  
THE ORIGINAL PARTIES**

**PART I  
THE ORIGINAL OBLIGORS**

**The Original Borrowers**

<u>Name of Original Borrower</u>	<u>Registration number (or equivalent, if any) Jurisdiction of Incorporation</u>
Cabot Financial Holdings Group Limited	4934534 England & Wales

**PART II  
THE ORIGINAL GUARANTORS**

<u>Name of Original Guarantor</u>	<u>Registration number (or equivalent, if any) Jurisdiction of Incorporation</u>
Cabot Financial (Luxembourg) S.A.	B-171245 Luxembourg
Cabot Financial Holdings Group Limited	4934534 England & Wales
Cabot Financial Limited	5714535, England & Wales
Cabot Credit Management Group Limited	4071551, England & Wales
Cabot Financial Debt Recovery Services Limited	3936134, England & Wales
Cabot Financial (UK) Limited	3757424, England & Wales
Cabot Financial (Europe) Limited	3439445, England & Wales
Financial Investigations and Recoveries (Europe) Limited	3958421, England & Wales
Apex Credit Management Limited	3967099, England & Wales

**PART III  
ORIGINAL LENDERS**

**A. THE FACILITY A ORIGINAL LENDERS**

<u>Name of Original Facility A Lender</u>	<u>Facility A Commitment</u>	<u>HMRC DT Treaty Passport scheme reference number and jurisdiction of tax residence (if applicable)</u>
JPMorgan Chase Bank N.A., London Branch	£ 52,500,000	
Deutsche Bank AG, London Branch	£ 13,125,000	
Lloyds Bank plc	£ 13,125,000	
The Royal Bank of Scotland plc	£ 13,125,000	
UBS AG, London Branch	£ 13,125,000	
<b>Total</b>	<b><u>£105,000,000</u></b>	

**B. THE FACILITY B ORIGINAL LENDERS**

<u>Name of Original Facility B Lender</u>	<u>Facility B Commitment</u>	<u>HMRC DT Treaty Passport scheme reference number and jurisdiction of tax residence (if applicable)</u>
JPMorgan Chase Bank N.A., London Branch	£ 75,750,000	
Deutsche Bank AG, London Branch	£ 18,937,500	
Lloyds Bank plc	£ 18,937,500	
The Royal Bank of Scotland plc	£ 18,937,500	
UBS AG, London Branch	£ 18,937,500	
<b>Total</b>	<b><u>£151,500,000</u></b>	

**SCHEDULE 2**  
**CONDITIONS PRECEDENT AND CONDITIONS SUBSEQUENT**

**PART I**  
**CONDITIONS PRECEDENT TO INITIAL UTILISATION**

**1. Obligors**

- (a) A copy of the constitutional documents of each Original Obligor (other than the Luxembourg Guarantor) and CCML.
- (b) If applicable, a copy of a resolution of the board of directors of each Original Obligor (other than the Luxembourg Guarantor) and CCML:
  - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party including, in particular, each security confirmation;
  - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (c) A copy of a specimen of the signature of each person authorised by the resolutions referred to in paragraph (b) above in relation to the Finance Documents and related documents.
- (d) A copy of a resolution signed by all of the holders of the issued shares in each Original Guarantor and CCML, approving the terms of, and the transactions contemplated by, the Finance Documents to which such Original Guarantor or CCML, respectively, is a party provided that, in respect of CCML, any such shareholders resolution shall be signed only by the majority holders of its issued shares.
- (e) A certificate of the Parent (signed by a director or authorised signatory) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar constitutional limit binding on any Original Obligor (other than the Luxembourg Guarantor) to be exceeded.
- (f) A certificate of an authorised signatory of the Parent or other relevant Original Obligor (other than the Luxembourg Guarantor) certifying that each copy document relating to it specified in this Part I of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement.

2. **Finance Documents**

- (a) This Agreement executed by the members of the Group party to this Agreement.
- (b) A Creditor/Creditor Representative Accession Deed (as defined in the Intercreditor Agreement) executed by the Agent and each Original Lender (as a Pari Passu Creditor under the Intercreditor Agreement, as that terms is defined therein).
- (c) A Debtor Accession Deed (as defined in the Intercreditor Agreement) executed by each Obligor in respect of this Agreement.
- (d) The Fee Letters, executed by the Arrangers or Agent, as applicable, and the members of the Group party to them.
- (e) A copy of the Commitment Letter and Engagement Letter executed by the Arrangers and the Original Borrower.
- (f) With respect to the Transaction Security Documents (as defined in the Intercreditor Agreement), a confirmation agreement by each Obligor party thereto that the Security created pursuant to each such Transaction Security Document secures its obligations under the Finance Documents (including, but not limited to, this Agreement) in accordance with the Intercreditor Agreement.

3. **Luxembourg documents**

- (a) A copy of the articles of association (*statuts*) of the Luxembourg Guarantor.
- (b) A copy of the resolutions of the board of directors of the Luxembourg Guarantor approving the entry into the Finance Documents to which it is a party.
- (c) An excerpt (*extrait*) from the Luxembourg Register of Commerce and Companies with respect to the Luxembourg Guarantor.
- (d) A certificate of non-registration of judicial decisions (*certificat de non-inscription de décision judiciaire*) from the Luxembourg Register of Commerce and Companies with respect to the Luxembourg Guarantor.
- (e) A copy of the shareholders' register of the Luxembourg Guarantor evidencing (i) the ownership of its entire share capital by Cabot Financial Holdings Group Limited and (ii) the registration of the pledge granted pursuant to the Luxembourg Share Pledge Agreement.
- (f) a certificate signed by a director of the Luxembourg Guarantor:
  - (i) certifying that each copy document relating to it specified in this Part I of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement;

- (ii) confirming that guaranteeing or securing, as appropriate, the Total Commitments would not cause any guarantee, security or similar constitutional limit binding on the Luxembourg Guarantor to be exceeded;
  - (iii) certifying the specimen of signature of each person authorised under the resolutions referred to above to execute the Finance Documents to which the Luxembourg Guarantor is a party on its behalf; and
  - (iv) certifying that the Luxembourg Guarantor is not subject to bankruptcy (*faillite*), controlled management (*gestion contrôlée*), suspension of payments (*sursis de paiement*), arrangement with creditors (*concordat préventif de faillite*) and voluntary judicial liquidation (*liquidation volontaire ou judiciaire*) proceedings and, to the best of its knowledge, no petition for the opening of such proceedings has been presented.
- (g) Luxembourg law confirmation agreement (the “**Luxembourg Confirmation Agreement**”) addressed to the Security Agent in relation to the Cabot RCF Agreement and this Agreement, in respect of:
- (i) the Luxembourg law share pledge granted in favour of J.P. Morgan in its capacity as security agent under the Cabot RCF Agreement; and
  - (ii) the Luxembourg law bank account pledge granted in favour of J.P. Morgan in its capacity as security agent under the Cabot RCF Agreement.

#### 4. **Legal opinion**

The following legal opinions, each addressed to the Agent, the Security Agent and the Original Lenders:

- (a) Clifford Chance LLP, legal advisers to the Agent and the Arranger as to enforceability of the English law Finance Documents and the capacity of the Obligors under English law;
- (b) Arendt & Medernach, legal advisers to the Original Obligors as to the capacity and due execution of the Luxembourg Guarantor under Luxembourg law; and
- (c) Clifford Chance Luxembourg, legal advisers to the Agent and the Arranger as to the enforceability of the Luxembourg law Finance Documents, in each case substantially in the form distributed to the Original Lenders prior to signing this Agreement.

#### 5. **Acquisition Documents**

- (a) A copy of the executed Acquisition Agreement substantially in the form of the last draft previously delivered to and approved by the Arrangers on 6 February 2014, with such amendments or modifications as do not materially and adversely affect the interests of the Lenders or which have been made with the consent of the Agent.

- (b) A certificate of the Borrower (signed by a director) certifying that:
  - (i) no terms and conditions (including conditions to completion) of the Acquisition Agreement have been amended, waived or terminated without the written consent of the Arrangers, all conditions to completion (subject only to availability of Facility A) have been met and there has been no breach of the Acquisition Agreement except, in each case, to the extent the interests of the Borrower and the Lenders are not materially and adversely affected or the Arrangers have given their prior written consent;
  - (ii) the amounts to be made available under Facility A and Facility B in aggregate, together with funds available under the Cabot RCF Agreement, in each case, to the extent permitted to be used for such purposes, are sufficient to fund the purchase price under the Acquisition Agreement and the Change of Control Offers (if any) (as defined in the Existing Target Note Indenture); and
  - (iii) immediately upon receipt of amounts utilised under Facility A, Completion shall occur in accordance with the steps detailed in the Tax Structure Report.

6. **Other Documents and Evidence**

- (a) Final version of the Tax Structure Report addressed to or with reliance letters in favour of the Arranger and Original Lenders.
- (b) Corporate ownership structure chart assuming the Acquisition has occurred.
- (c) Evidence that the Security Agent (as defined in the Intercreditor Agreement) has given prior written consent to act as security trustee for the Lenders as “Pari Passu Creditors” under the Intercreditor Agreement.
- (d) Evidence that the fees, costs and expenses due on the Closing Date pursuant to Clause 13 (*Fees*), Clause 14.6 (*Stamp taxes*) and Clause 18 (*Costs and expenses*) have been paid on or by the Closing Date or evidence that the foregoing fees, costs and expenses will be paid.
- (e) Budget in relation to the Group (assuming the Acquisition has not occurred) for the Financial Year ending 2014.

**PART II**  
**CONDITIONS PRECEDENT REQUIRED TO BE**  
**DELIVERED BY AN ADDITIONAL OBLIGOR**

- 1. A copy of the Accession Deed executed by the Additional Obligor and the Parent.
- 2. A copy of the constitutional documents of the Additional Obligor.



3. If applicable, a copy of a resolution of the board or, if applicable, a committee of the board of directors of the Additional Obligor:
  - (a) approving the terms of, and the transactions contemplated by, the Accession Deed and the Finance Documents and resolving that it execute, deliver and perform the Accession Deed and any other Finance Document to which it is party;
  - (b) authorising a specified person or persons to execute the Accession Deed and other Finance Documents on its behalf;
  - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (including, in relation to any Incremental Facility Commitments) with respect to any Incremental Facility Commitments to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and
  - (d) authorising the Parent to act as its agent in connection with the Finance Documents.
4. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.
5. If required by local law, a copy of a resolution signed by all the holders of the issued shares of the Additional Obligor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Additional Guarantor is a party.
6. If applicable, a certificate of the Additional Obligor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.
7. A certificate of an authorised signatory of the Additional Obligor certifying that each copy document listed in this Part II of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Accession Deed.
8. A copy of any other authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration or other document, opinion or assurance which the Agent (acting reasonably) considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.
9. If available, a copy of the latest audited financial statements of the Additional Obligor.
10. The following legal opinions, each addressed to the Agent, the Security Agent and the Lenders:
  - (a) A legal opinion of the legal advisers to the Agent in England, as to English law in the form distributed to the Lenders prior to signing the Accession Deed.

- (b) If the Additional Obligor is incorporated in a jurisdiction other than England and Wales or is executing a Finance Document which is governed by a law other than English law, a legal opinion of the legal advisers to (x) the Agent and/or (y) if customary in the relevant jurisdiction, the Group, in the jurisdiction of its incorporation or, as the case may be, the jurisdiction of the governing law of that Finance Document (the “**Applicable Jurisdiction**”) as to the law of the Applicable Jurisdiction and in the form distributed to the Lenders prior to signing the Accession Deed.
- (c) If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in Clause 42.2 (*Service of process*), if not an Obligor, has accepted its appointment in relation to the proposed Additional Obligor.
- (d) Any security documents which, subject to the Agreed Security Principles, are required by the Agent to be executed by the proposed Additional Obligor.
- (e) Any notices or documents required to be given or executed under the terms of those security documents.

**PART III**  
**TRANSACTION SECURITY DOCUMENTS**

1. Equivalent Transaction Security Documents to the Transaction Security Documents (as defined in the Intercreditor Agreement) delivered by the Obligor pursuant to Cabot RCF Agreement by each member of the Target Group which accedes pursuant to Clause 22.24 (*Post-Closing Covenants*).
2. A copy of all notices and documents required to be sent under the Transaction Security Documents referred to in paragraph 1 above, subject to any grace period for supply of notices contained in the relevant Transaction Security Document.

**SCHEDULE 3  
UTILISATION REQUEST**

From: [Borrower] [Parent]\*

To: [Agent]

Dated: [—]

Dear Sirs

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge  
Facilities Agreement dated [—] 2014, as amended and/or restated from time to time (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement. This is a Utilisation Request. Terms defined in the Facilities Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow a Loan on the following terms:
  - (a) Borrower: [—]
  - (b) Proposed Utilisation Date: [—] (or, if that is not a Business Day, the next Business Day)
  - (c) Amount: £[—] or, if less, the Available Facility
  - (d) Currency: [—]
  - (e) Purpose: [—]
  - (f) Interest Period: [—]
3. [If the Utilisation relates to an Incremental Facility Commitment, specify total amount of the Incremental Facility Commitments and the amount that it has utilised up to and including the date of this Utilisation Request.]
4. [If the Utilisation relates to an Incremental Facility Commitment, specify the Availability Period].
5. We confirm that each condition specified in [Clause 4.3 (*Further conditions precedent*)]/[Clause 4.5 (*Utilisations during the Certain Funds Periods*)] is satisfied on the date of this Utilisation Request.
6. [The proceeds of this Loan should be credited to [account]].
7. This Utilisation Request is irrevocable.

Yours faithfully

---

authorised signatory for  
[the Parent on behalf of [insert name of relevant Borrower]]/ [insert name of Borrower]\*

**NOTES:**

\* Amend as appropriate. The Utilisation Request can be given by the Borrower or by the Parent.

**SCHEDULE 4**  
**FORM OF TRANSFER CERTIFICATE**

To: [—] as Agent and [—] as Security Agent

From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”)

Dated:

**Cabot Financial Holdings Group Limited [£105,000,000] Senior Secured Bridge  
Facilities Agreement dated [—] 2014, as amended and/or restated from time to time (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 a Transfer Certificate for the purpose of the Facilities Agreement and as a Creditor/Agent Accession Undertaking 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.
2. We refer to Clause 26.6 (*Procedure for transfer*) of the Facilities Agreement:
  - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the Schedule in accordance with Clause 26.6 (*Procedure for transfer*).
  - (b) The proposed Transfer Date is [—].
  - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 26.5 (*Limitation of responsibility of Existing Lenders*).
4. The New Lender confirms that it [is]/[is not]\* a Sponsor Affiliate.
5. The New Lender confirms that it [is]/[is not]\*\* incorporated or established, and does not carry on business, in a jurisdiction that is a Sanctioned Country.
6. The New Lender confirms that it [is]/[is not]\*\* a Competitor.
7. [The New Lender confirms (for the benefit of the Agent without liability to any Obligor) that it is:
  - (a) [a Qualifying Lender (other than a Treaty Lender);]
  - (b) [a Treaty Lender;]
  - (c) [not a Qualifying Lender].

8. [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 either:
- (a) a company resident in the United Kingdom for United Kingdom tax purposes;
  - (b) a partnership each member of which is:
    - (i) a company so resident in the United Kingdom; or
    - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
  - (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.]
9. [The New Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number [—]) and is tax resident in [—], so that interest payable to it by UK borrowers is generally subject to full exemption from UK withholding tax and requests that the Parent notify:
- (a) each Borrower which is a Party as a Borrower as at the Transfer Date; and
  - (b) each Additional Borrower which becomes an Additional Borrower after the Transfer Date,
- that it wishes that scheme to apply to this Agreement.]
10. We refer to clause 19.5 (*Change of Senior Creditor*) of the Intercreditor Agreement, and in consideration of the New Lender being accepted as a Senior Creditor for the purposes of the Intercreditor Agreement (and as defined therein), the New Lender confirms that, as from the Transfer Date, it intends to be party to the Intercreditor Agreement as a Senior Creditor, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Senior Creditor 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.
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.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

\* Delete as applicable

\*\* Delete as applicable

\*\*\* Delete as applicable



**THE SCHEDULE**  
**Commitment/rights and obligations to be transferred**

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as a Transfer Certificate for the purposes of the Facilities Agreement by the Agent, and as a Creditor/Agent Accession Undertaking for the purposes of the Intercreditor Agreement by the Security Agent, and the Transfer Date is confirmed as [—].

[Agent]

By:

[Security Agent]

By:

**SCHEDULE 5**  
**FORM OF ASSIGNMENT AGREEMENT**

To: [—] as Agent, [—] as Security Agent, [—] as Parent, for and on behalf of each Obligor

From: [the Existing Lender] (the “**Existing Lender**”) and [the New Lender] (the “**New Lender**”)

Dated:

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge**  
**Facilities Agreement dated [—] 2014, as amended and/or restated from time to time (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement and to the Intercreditor Agreement (as defined in the Facilities Agreement). This is an Assignment Agreement. This agreement (the “**Agreement**”) shall take effect as an Assignment Agreement for the purpose of the Facilities Agreement and as a Creditor/Agent Accession Undertaking 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.
2. We refer to Clause 26.7 (*Procedure for assignment*) of the Facilities Agreement:
  - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Facilities Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of the Existing Lender’s Commitments and participations in Utilisations under the Facilities Agreement as specified in the Schedule.
  - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in Utilisations under the Facilities Agreement specified in the Schedule.
  - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
3. The proposed Transfer Date is [—].
4. On the Transfer Date the New Lender becomes:
  - (a) Party to the relevant Finance Documents (other than the Intercreditor Agreement) as a Lender; and
  - (b) Party to the Intercreditor Agreement as a Senior Creditor.
5. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
6. The New Lender confirms that it [is]/[is not]\* a Sponsor Affiliate.

7. The New Lender confirms that it [is]/[is not]\*\* incorporated or established, and does not carry on business, in a jurisdiction that is a Sanctioned Country.
8. The New Lender confirms that it [is]/[is not]\*\* a Competitor.
9. The New Lender confirms (for the benefit of the Agent and without liability to any Obligor) that it is:
  - (a) [a Qualifying Lender (other than a Treaty Lender);]
  - (b) [a Treaty Lender;]
  - (c) [not a Qualifying Lender]
10. [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 either:
  - (a) a company resident in the United Kingdom for United Kingdom tax purposes;
  - (b) a partnership each member of which is:
    - (i) a company so resident in the United Kingdom; or
    - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
  - (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.]
11. The New Lender confirms that it that holds a passport under the HMRC DT Treaty Passport scheme (reference number [—]) and is tax resident in [—], so that interest payable to it by UK borrowers is generally subject to full exemption from UK withholding tax and requests that the Parent notify:
  - (a) each Borrower which is a Party as a Borrower as at the Transfer Date; and
  - (b) each Additional Borrower which becomes an Additional Borrower after the Transfer Date,that it wishes that scheme to apply to this Agreement.
12. We refer to clause 19.5 (*Change of Senior Creditor*) of the Intercreditor Agreement. In consideration of the New Lender being accepted as a Senior Creditor for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement), the New Lender confirms that, as from the Transfer Date, it intends to be

party to the Intercreditor Agreement as a Senior Creditor, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Senior Creditor 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.

13. This Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 26.8 (*Copy of Transfer Certificate or Assignment Agreement to Parent*), to the Parent (on behalf of each Obligor) of the assignment referred to in this Agreement.
14. 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.
15. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
16. This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

\* Delete as applicable

\*\* Delete as applicable

\*\*\* Delete as applicable

**THE SCHEDULE**  
**Commitment/rights and obligations to be transferred by assignment, release and accession**

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as an Assignment Agreement for the purposes of the Facilities Agreement by the Agent, and as a Creditor/Agent Accession Undertaking for the purposes of the Intercreditor Agreement by the Security Agent, and the Transfer Date is confirmed as [—].

Signature of this Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to in this Agreement, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

[Security Agent]

By:

**SCHEDULE 6  
FORM OF ACCESSION DEED**

To: [—] as Agent and [—] as Security Agent for itself and each of the other parties to the Intercreditor Agreement referred to below

From: [Subsidiary] and [Parent]

Dated: [—]

Dear Sirs

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge  
Facilities Agreement dated [—] 2014, as amended and/or restated from time to time (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement and to the Intercreditor Agreement. This deed (the “**Accession Deed**”) shall take effect as an Accession Deed for the purposes of the Facilities Agreement and as a Debtor 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 paragraphs 1-3 of this Accession Deed unless given a different meaning in this Accession Deed.
2. [Subsidiary] agrees to become an Additional [Borrower]/[Guarantor] and to be bound by the terms of the Facilities Agreement and the other Finance Documents (other than the Intercreditor Agreement) as an Additional [Borrower]/[Guarantor] pursuant to [Clause 28.2 (*Additional Borrowers*)]/Clause 28.4 (*Additional Guarantors*)] of the Facilities Agreement. [Subsidiary] is a company duly incorporated under the laws of [name of relevant jurisdiction] and is a limited [partnership][liability company][and registered number [—]].
3. [Subsidiary’s] administrative details for the purposes of the Facilities Agreement and the Intercreditor Agreement are as follows:

Address: [—]

Fax No.: [—]

Attention: [—]

**IT IS AGREED** as follows:

- (a) Terms defined in the Intercreditor Agreement shall, unless otherwise defined in this Accession Deed, bear the same meaning when used in this paragraph (a).
- (b) The Acceding Debtor and the Security Agent agree that the Security Agent shall hold:
  - (i) the Transaction Security;
  - (ii) all proceeds of the Transaction Security; and

(iii) all obligations expressed to be undertaken by the Acceding Debtor to pay amounts in respect of the Liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by the Acceding Debtor in favour of the Security Agent as trustee for the Secured Parties,

on trust for the Secured Parties on the terms and conditions contained in the Intercreditor Agreement.

(c) The Acceding Debtor confirms that it intends to be party to the Intercreditor Agreement as a Debtor, undertakes to perform all the obligations expressed to be assumed by a Debtor under the Intercreditor Agreement 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.

(d) [In consideration of the Acceding Debtor being accepted as an Intra Group Lender for the purposes of the Intercreditor Agreement, the Acceding Debtor also confirms that it intends to be party to the Intercreditor Agreement as an Intra Group Lender, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by an Intra Group 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].

4. This Accession Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

**THIS ACCESSION DEED** has been signed on behalf of the Security Agent (for the purposes of paragraph [3] above only), signed on behalf of the Parent and executed as a deed by [Subsidiary] and is delivered on the date stated above.

[Subsidiary]

[EXECUTED AS A DEED )  
By: [Subsidiary ]

\_\_\_\_\_  
\_\_\_\_\_

Director  
Director/Secretary

**OR**

[EXECUTED AS A DEED  
By: [Subsidiary]

\_\_\_\_\_  
\_\_\_\_\_

Signature of Director  
Name of Director

in the presence of

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature of witness  
Name of witness  
Address of witness  
  
Occupation of witness]

**The Parent**

\_\_\_\_\_

[Parent]

By:

**The Security Agent**

[Full Name of Current Security Agent]

By:

Date:



**SCHEDULE 7  
FORM OF RESIGNATION LETTER**

To: [—] as Agent  
From: [resigning Obligor] and [Parent]  
Dated: [—]

Dear Sirs

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge  
Facilities Agreement dated [—] 2014, as amended and/or restated from time to time (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement. This is a Resignation Letter. Terms defined in the Facilities Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
2. Pursuant to [Clause 23.3 (*Resignation of a Borrower*)]/[ 28.5 (*Resignation of a Guarantor*)], we request that [resigning Obligor] be released from its obligations as a [Borrower]/[Guarantor] under the Facilities Agreement and the Finance Documents (other than the Intercreditor Agreement).
3. We confirm that:
  - (a) no Default is continuing or would result from the acceptance of this request; and
  - (b) \*[[this request is given in relation to a Third Party Disposal of [resigning Obligor];
  - (c) [—]
4. This Resignation Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

[Parent] [resigning Obligor]

By: By:

NOTES

\* Insert where resignation only permitted in case of a Third Party Disposal.

**SCHEDULE 8  
LMA FORM OF CONFIDENTIALITY UNDERTAKING**

To: [—]

From: [—]

Dated: [—]

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge  
Agreement dated[—] 2014, as amended and/or restated from time to time (the “Facilities Agreement”)**

Dear Sirs

We understand that you are considering participating in the Facilities. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

**(A) CONFIDENTIALITY**

**1. CONFIDENTIALITY UNDERTAKING**

You undertake:

- 1.1 to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by paragraph (A)2 below and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information;
- 1.2 to keep confidential and not disclose to anyone except as provided for by paragraph (A)0 below the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us in connection with the Facilities; and
- 1.3 to use the Confidential Information only for the Permitted Purpose.

**2. PERMITTED DISCLOSURE**

We agree that you may disclose such Confidential Information and such of those matters referred to in paragraph (A)1.2 above as you shall consider appropriate:

- 2.1 to members of the Participant Group and their officers, directors, employees, professional advisers, reinsurers and auditors if any person to whom the Confidential Information is to be given pursuant to this paragraph 2.1 is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information, except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

- 2.2 to any person to whom information is required or requested to be disclosed by any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation; and
- 2.3 with the prior written consent of us and the Company.

### **3. NOTIFICATION OF DISCLOSURE**

You agree (to the extent permitted by law and regulation) to inform us:

- 3.1 of the circumstances of any disclosure of Confidential Information made pursuant to paragraph 2.3 above except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- 3.2 upon becoming aware that Confidential Information has been disclosed in breach of this letter.

### **4. RETURN OF COPIES**

If you do not participate in the Facilities and we so request in writing, you shall return all Confidential Information supplied to you by us and destroy or permanently erase (to the extent technically practicable) all copies of Confidential Information made by you and use your reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases (to the extent technically practicable) such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under paragraph (A)1.6 above.

### **5. CONTINUING OBLIGATIONS**

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in Part (A) of this letter shall cease on the earlier of (a) the date on which you become a party to the Facilities Agreement or (b) [twelve] Months after the date of this letter.

### **6. NO REPRESENTATION; CONSEQUENCES OF BREACH, ETC**

You acknowledge and agree that:

- 6.1 neither we nor any of our officers, employees or advisers (each a "Relevant Person") (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Group or be otherwise liable to you or any other person in respect of the Confidential Information or any such information; and

6.2 we or members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person or member of the Group may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you.

## 7. ENTIRE AGREEMENT; NO WAIVER; AMENDMENTS, ETC

- 7.1 This letter constitutes the entire agreement between us in relation to your obligations regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.
- 7.2 No failure or delay in exercising any right or remedy under this letter will operate as a waiver thereof nor will any single or partial exercise of any right or remedy preclude any further exercise thereof or the exercise of any other right or remedy under this letter.
- 7.3 The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us.

## 8. INSIDE INFORMATION

You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and you undertake not to use any Confidential Information for any unlawful purpose.

## 9. NATURE OF UNDERTAKINGS

The undertakings given by you under Part (A) of this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of the Company and each other member of the Group. The Parent (as defined in the Facilities Agreement) may rely on this letter as if it were a party to it.

## (B) MISCELLANEOUS

### 1. THIRD PARTY RIGHTS

- 1.1 Subject to this paragraph (B)1 and to paragraphs (A)6 and (A)9, a person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or to enjoy the benefit of any term of this letter.
- 1.2 The Relevant Persons and each member of the Group may enjoy the benefit of the terms of paragraphs (A)6 and (A)9 subject to and in accordance with this paragraph (B)1 and the provisions of the Third Parties Act.
- 1.3 Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person or any member of the Group to rescind or vary this letter at any time.

## 2. GOVERNING LAW AND JURISDICTION

- 2.1 This letter and the agreement constituted by your acknowledgement of its terms (the “**Letter**”) and any non-contractual obligations arising out of or in connection with it (including any non-contractual obligations arising out of the negotiation of the transaction contemplated by this Letter) are governed by English law.
- 2.2 The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter (including a dispute relating to any non-contractual obligation arising out of or in connection with either this Letter or the negotiation of the transaction contemplated by this Letter).

## 3. DEFINITIONS

In this letter (including the acknowledgement set out below):

“**Arranger Group**” means us, each of our holding companies and subsidiaries and each subsidiary of each of our holding companies (as each such term is defined in the Companies Act 2006) and each of our or their directors, officers and employees (including any sales and trading teams) **provided that** when used in this letter in respect of an Arranger it applies severally only in respect of that Arranger, each of that Arranger’s holding companies and subsidiaries, each subsidiary of each of its holding companies and each director, officer and employee (including any sales and trading teams) of that Arranger or any of the foregoing and not, for the avoidance of doubt, those of another Arranger.

“**Confidential Information**” means all information relating to the Parent, any Obligor, the Group, the Finance Documents and/or the Facilities which is provided to you in relation to the Finance Documents or Facilities by us or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (a) is or becomes public information other than as a direct or indirect result of any breach by you of this letter; or
- (b) is identified in writing at the time of delivery as non-confidential by us or our advisers; or
- (c) is known by you before the date the information is disclosed to you by us or any of our affiliates or advisers or is lawfully obtained by you after that date, from a source which is, as far as you are aware, unconnected with the Group and which, in either case, as far as you are aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Facilities**” means the facilities under the Facilities Agreement.

“**Finance Documents**” means the documents defined in the Facilities Agreement as Finance Documents.

“**Group**” means the Parent and its subsidiaries for the time being (as such term is defined in the Companies Act 2006).

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**“Obligor”** means a borrower or a guarantor under the Facilities Agreement.

**“Participant Group”** means you, each of your holding companies and subsidiaries and each subsidiary of each of your holding companies (as each such term is defined in the Companies Act 2006).

**“Permitted Purpose”** means considering and evaluating whether to enter into the Facilities.

**“Syndication”** means the primary syndication of the Facilities.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

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For and on behalf of  
[Arranger]

To: [Arranger]

The Parent and each other member of the Group

We acknowledge and agree to the above:

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For and on behalf of  
[Potential Lender]

**SCHEDULE 9  
TIMETABLES**

	Loans in sterling	Loans in euros	Loans in other currencies
Agent notifies the Parent if a currency is approved as an Optional Currency in accordance with Clause 4.4 ( <i>Conditions relation to Optional Currencies</i> )			U-4
Delivery of a duly completed Utilisation Request (Clause 5.1 ( <i>Delivery of a Utilisation Request</i> )) (other than in the case of any Utilisation of the Loans on the Closing Date)	U-1 9.30 a.m.	U-3 9.30am	U-3 9.30am
Agent determines (in relation to a Utilisation) the Base Currency Amount of the Loan, if required under Clause 5.4 ( <i>Lenders' participation</i> ) and notifies the Lenders of the Loan, in accordance with Clause 5.4 ( <i>Lenders' participation</i> ) (other than in the case of any Utilisation of the Loans on the Closing Date)	U-1 Noon	U-3 Noon	U-3 Noon
Delivery of a duly completed Utilisation Request in the case of Utilisation of the Loans on the Closing Date	U 9.30am*	N/A	N/A
Agent determines (in relation to a Utilisation on the Closing Date) the Base Currency Amount of the Loan, if required under Clause 5.4 ( <i>Lenders' participation</i> ) and notifies the Lenders of the Loan, in accordance with Clause 5.4 ( <i>Lenders' participation</i> )	U 10.00am*	N/A	N/A



LIBOR or EURIBOR is fixed

Quotation Day as of 11:00 a.m.

Quotation Day as of 11:00 a.m. in  
respect of LIBOR and as of  
11.00 a.m. (Brussels time) in respect  
of EURIBOR

Quotation Day as of 11:00 a.m.

“U” = date of utilisation.

“U - X” = X Business Days prior to date of utilisation

\* or such later time as the Agent and the Borrower may agree

**SCHEDULE 10**  
**FORMS OF NOTIFIABLE DEBT PURCHASE TRANSACTION NOTICE**

**PART I**  
**FORM OF NOTICE OF ENTERING INTO NOTIFIABLE DEBT PURCHASE TRANSACTION**

To: [—] as Agent  
From: [The Lender]  
Dated:

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge  
Agreement dated [—] 2014, as amended and/or restated from time to time (the “Facilities Agreement”)**

1. We refer to paragraph (b) of Clause 27.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*) of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this notice unless given a different meaning in this notice.
2. We have entered into a Notifiable Debt Purchase Transaction.
3. The Notifiable Debt Purchase Transaction referred to in paragraph 2 above relates to the amount of our Commitment(s) as set out below.

<b>Commitment</b>	<b>Amount of our Commitment to which Notifiable Debt Purchase Transaction relates (Base Currency)</b>
[—]	[—]

[Lender]

By:

**PART II**  
**FORM OF NOTICE ON TERMINATION OF NOTIFIABLE DEBT PURCHASE TRANSACTION**

To: [—] as Agent

From: [The Lender]

Dated: [—]

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge  
Agreement dated [—] 2014, as amended and/or restated from time to time (the “Facilities Agreement”)**

1. We refer to paragraph (c) of Clause 27.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*) of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this notice unless given a different meaning in this notice.
2. A Notifiable Debt Purchase Transaction which we entered into and which we notified you of in a notice dated [—] has [terminated]/[ceased to be with a Sponsor Affiliate].\*
3. The Notifiable Debt Purchase Transaction referred to in paragraph 2 above relates to the amount of our Commitment(s) as set out below.

**Commitment**  
[—]

**Amount of our Commitment to which Notifiable Debt Purchase Transaction relates (Base Currency)**  
[—]

[Lender]

By:

**SCHEDULE 11**  
**RESTRICTIVE COVENANTS**

**PART I**  
**COVENANTS**

1. Limitation on Indebtedness.
  - 1.1 The Parent shall not, and shall not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness).
  - 1.2 Section 1.1 shall not prohibit the Incurrence of the following Indebtedness:
    - (a) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of (x) £85.0 million and (y) 10.0% of ERC, plus (ii) in the case of any refinancing of any Indebtedness permitted under this paragraph (a) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;
    - (b)
      - (A) Guarantees by the Parent or any Restricted Subsidiary of Indebtedness of the Parent or any Restricted Subsidiary in each case so long as the Incurrence of such Indebtedness being guaranteed is permitted under the terms of this Agreement; provided, that if the Indebtedness being guaranteed is subordinated to the Facilities, then the guarantee must be subordinated to the Facilities to the same extent as the Indebtedness guaranteed; or
      - (B) without limiting Section 3 (*Limitation on Liens*), Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Parent or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of this Agreement;
  - (c) Indebtedness of the Parent owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Parent or any Restricted Subsidiary; provided, however, that:
    - (i) if the Original Borrower or any Guarantor is the obligor on any such Indebtedness and the obligee is not the Original Borrower or any Guarantor, it is either a Working Capital Intercompany Loan or unsecured and expressly subordinated in right of payment to prior payment in full in cash (whether upon Stated Maturity, acceleration or otherwise) and the performance in full of its obligations under the Utilisations; and

- (ii) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Parent or a Restricted Subsidiary, and any sale or other transfer of any such Indebtedness to a Person other than the Parent or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this paragraph (c) by the Parent or such Restricted Subsidiary, as the case may be;
- (d) Indebtedness represented by (i) the Notes (other than any Additional Notes (as defined in the relevant Note Indenture)); (ii) any Indebtedness (other than Indebtedness described in paragraphs (a), (c) or (f)) outstanding on the date of this Agreement, including the 2019 Notes, the 2020 Notes, the Existing Target Notes, any Loans under this Agreement, prior to its cancellation, the Marlin RCF Agreement, and any loan notes issued to holders of equity of the Target (a parent thereof) as consideration for, or otherwise in connection with, the Acquisition (the “**Loan Notes**”); (iii) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this paragraph (d) and (iv) Management Advances;
- (e) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes of the Parent or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Parent);
- (f) Indebtedness represented by Capitalised Lease Obligations or Purchase Money Obligations, in each case, incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Parent or any of its Restricted Subsidiaries, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this paragraph (f) and then outstanding, will not exceed at any time outstanding the greater of (i) £10.0 million and (ii) 3.0% of Total Assets;
- (g) Indebtedness in respect of (i) workers’ compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Parent or a Restricted Subsidiary or relating to liabilities, obligations, indemnities or guarantees Incurred in the ordinary course of business or for governmental or regulatory requirements, in each case not in connection with the borrowing of money, (ii) letters of credit, bankers’ acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, (iii) the financing of insurance premiums in the ordinary course of business and (iv) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business, provided, however, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

- (h) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); **provided that**, in the case of a disposition, the maximum liability of the Parent and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Parent and its Restricted Subsidiaries in connection with such disposition;
- (i)
  - (i) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;
  - (ii) Customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business; and
  - (iii) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of Receivables for credit management purposes, in each case, not in connection with the borrowing of money and Incurred or undertaken in the ordinary course of business on arm's length commercial terms;
- (j) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this paragraph (j) and then outstanding, will not exceed the greater of (i) £20.0 million and (ii) 6.0% of Total Assets;
- (k) Indebtedness represented by Permitted Purchase Obligations; and
- (l) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this paragraph (l) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Parent from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an

Excluded Contribution) of the Parent, in each case, subsequent to the date of this Agreement; provided, however, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under Section 2.1 and paragraphs (a), (f) and (l) of Section 2.2 to the extent the Parent and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this paragraph (l) to the extent the Parent or any of its Restricted Subsidiaries makes a Restricted Payment under Section 2.1 and/or paragraphs (a), (f) or (m) of Section 2.2 in reliance thereon.

- 1.3 For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Section 1 (*Limitation on Indebtedness*):
- (a) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this Section 1 (*Limitation on Indebtedness*), the Parent, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the paragraphs of Section 1.2; **provided that** Indebtedness incurred pursuant to paragraph (a) of Section 1.2 may not be reclassified, and Indebtedness under the Cabot RCF Agreement incurred or outstanding on the date of this Agreement will be deemed to have been incurred on such date in reliance on the exception provided in paragraph (a) of Section 1.2;
  - (b) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
  - (c) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to paragraphs (a), (f) or (j) of Section 1.2 and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;
  - (d) the principal amount of any Disqualified Stock of the Parent or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
  - (e) for the purposes of determining "ERC" under paragraphs (a)(i)(y) of Section 1.2, (i) ERC shall be adjusted to give effect to purchases or disposals of sub-performing or charged-off consumer accounts, installment loans or other similar accounts or portfolios thereof (including through the use of Right to Collect Accounts) made since the last measurement date and prior to such date of calculation, on the basis of estimates made on a *pro forma* basis by management acting in good faith and (ii) ERC shall be measured on or about the date on which the Parent obtains new commitments (in the case of revolving facilities) or incurs new Indebtedness (in the case of term facilities);

- (f) Indebtedness permitted by this Section 1 (*Limitation on Indebtedness*) need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 1 (*Limitation on Indebtedness*) permitting such Indebtedness; and
  - (g) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP.
- 1.4 Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortisation of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, including a change from UK GAAP to IFRS, will not be deemed to be an Incurrence of Indebtedness for purposes of this Section 1 (*Limitation on Indebtedness*). The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of “Indebtedness.”
- 1.5 If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this Section 1 (*Limitation on Indebtedness*), the Parent shall be in default of this Section 1 (*Limitation on Indebtedness*)).
- 1.6 For purposes of determining compliance with any pound sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the principal amount of Indebtedness denominated in another 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 Indebtedness, or, at the option of the Parent, first committed, in the case of Indebtedness Incurred under a revolving credit facility; **provided that** (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than pound sterling, and such refinancing would cause the applicable pound sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such pound sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (b) the Sterling Equivalent of the principal amount of any such Indebtedness outstanding on the date of this Agreement shall be calculated based on the relevant currency exchange rate in effect on the date of this Agreement; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in pound sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling



Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement. For purposes of calculating compliance with paragraph (a) of Section 1.2 or for calculating the amount of Indebtedness outstanding under the Cabot RCF Agreement, to the extent a Credit Facility is utilized for the purpose of guaranteeing or cash collateralizing any letter of credit or guarantee, such guarantee or collateralization and issuance of such letter of credit or guarantee shall be deemed to be a utilization of such Credit Facility permitted under paragraph (a) of Section 1.2 without double counting.

- 1.7 Notwithstanding any other provision of this Section 1 (*Limitation on Indebtedness*), the maximum amount of Indebtedness that the Parent or a Restricted Subsidiary may Incur pursuant to this Section 1 (*Limitation on Indebtedness*) shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.
2. Limitations on Restricted Payments.
- 2.1 The Parent shall not, and shall not permit any of its Restricted Subsidiaries, directly or indirectly, to:
- (a) declare or pay any dividend or make any other payment or other distribution on or in respect of the Parent's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Parent or any of its Restricted Subsidiaries) except:
    - (i) dividends or distributions payable in Capital Stock of the Parent (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Parent or in Subordinated Shareholder Funding; and
    - (ii) dividends or distributions payable to the Parent or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Parent or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);
  - (b) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Parent or any direct or indirect Holding Company held by Persons other than the Parent or a Restricted Subsidiary (other than in exchange for Capital Stock of the Parent (other than Disqualified Stock));
  - (c) make any payment on or in respect of, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any (x) Subordinated Indebtedness (other than, in each case, any capitalisation of Subordinated Indebtedness or (i) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of

satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement (ii) a payment of interest at the applicable interest payment date and (iii) any Indebtedness Incurred pursuant to paragraph (c) of Section 1.2 (*Limitation on Indebtedness*) or (y) any Subordinated Shareholder Funding, other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding; or

- (d) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in paragraphs (a) to (d) above are referred to herein as a “Restricted Payment

2.2 The foregoing provisions will not prohibit any of the following (collectively, “**Permitted Payments**”):

- (a) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Parent (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Parent;
- (b) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to Section 1 (*Limitation on Indebtedness*);
- (c) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Parent or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Parent or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to Section 1 (*Limitation on Indebtedness*), and that in each case, constitutes Refinancing Indebtedness;
- (d) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:
  - (i) from Net Available Cash to the extent permitted under Section 5 (*Limitation on Sales of Assets and Subsidiary Stock*), but only (A) if the Parent shall have first complied with the terms described under Section 5 (*Limitation on Sales of Assets and Subsidiary Stock*) and repaid all Loans required to be repaid thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (B) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

- (ii) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a “change of control”), but only (A) if the Parent shall be required to make a Change of Control Offer under Clause 8.1 (*Change of Control*) and shall have complied with Clause 8.1 (*Change of Control*) of this Agreement and repaid all Loans or portions thereof of each Lender that has properly elected repayment thereof, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (B) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;
- (e) (i) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this Section 2 (*Limitations on Restricted Payments*), and (ii) payments associated with the Transactions;
- (f) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Parent or any Holding Company (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Parent to any Holding Company to permit any Holding Company to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Holding Company (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Holding Company (including any options, warrants or other rights in respect thereof), in each case from Management Investors; **provided that** such payments, loans, advances, dividends or distributions (x) do not exceed an amount (net of repayments of any such loans or advances) equal to (A) £2.0 million plus (B) £1.0 million multiplied by the number of calendar years that have commenced since the date of this Agreement plus (C) the Net Cash Proceeds received by the Parent or its Restricted Subsidiaries since the date of this Agreement (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Holding Company) from, or as a contribution to the equity (in each case under this limb (C), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Parent from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof) or (y) if otherwise made in connection with the Acquisition or reasonably related thereto and do not exceed £100,000;
- (g) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with Section 1 (*Limitation on Indebtedness*);

- (h) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;
  - (i) dividends, loans, advances or distributions to any Holding Company or other payments by the Parent or any Restricted Subsidiary in amounts equal to (without duplication):
    - (i) the amounts required for any Holding Company to pay any Parent Expenses or any Related Taxes; or
    - (ii) amounts constituting or to be used for purposes of making payments to the extent specified in paragraphs (b), (c), (e), (g), (k) and (l) of Section 6.3 (*Limitation on Affiliate Transactions*);
  - (j) payments by the Parent, or loans, advances, dividends or distributions to any Holding Company to make payments, to holders of Capital Stock of the Parent or any Holding Company in lieu of the issuance of fractional shares of such Capital Stock; provided, however, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this Section 2 or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);
  - (k) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this paragraph (l);
  - (l) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Parent issued after the date of this Agreement; and (ii) the declaration and payment of dividends to any Holding Company or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Holding Company issued after the date of this Agreement; provided, however, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this paragraph (l) shall not exceed the Net Cash Proceeds received by the Parent or, in the case of Designated Preference Shares issued by any Holding Company or any Affiliate thereof, the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Parent or loaned as Subordinated Shareholder Funding to the Parent, from the issuance or sale of such Designated Preference Shares; and
  - (m) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries.
- 2.3 The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Parent or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Parent acting in good faith.

3. Limitations on Liens

The Parent shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Subsidiary), whether owned on the date of this Agreement or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if, contemporaneously with the Incurrence of such Initial Lien, the Loans are directly secured equally and rateably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

4. Limitation on Restrictions on Distributions from Restricted Subsidiaries.

4.1 The Parent shall not, and shall not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (a) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Parent or any Restricted Subsidiary;
- (b) make any loans or advances to the Parent or any Restricted Subsidiary; or
- (c) sell, lease or transfer any of its property or assets to the Parent or any Restricted Subsidiary;

**provided that** (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Parent or any Restricted Subsidiary to other Indebtedness Incurred by the Parent or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

4.2 The provisions of Section 4.1 shall not prohibit:

- (a) any encumbrance or restriction pursuant to (i) the Cabot RCF Agreement, (ii) the Finance Documents, (iii) any Note Indenture, (iv) prior to its cancellation the Marlin RCF Agreement, or (v) any other agreement or instrument, in each case, in effect at or entered into on the date of this Agreement;

- (b) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Parent or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Parent or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilised to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Parent or was merged, consolidated or otherwise combined with or into the Parent or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; **provided that**, for the purposes of this paragraph (b), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Parent or any Restricted Subsidiary when such Person becomes the Successor Company;
- (c) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in paragraphs (a) or (b) of this Section 4.2 or this paragraph (c) (an “Initial Agreement”) or contained in any amendment, supplement or other modification to an agreement referred to in paragraphs (a) or (b) of this Section 4.2 or this paragraph (c); provided, however, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Lenders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Parent);
- (d) any encumbrance or restriction:
  - (i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;
  - (ii) contained in mortgages, pledges, charges or other security agreements permitted under this Agreement or securing Indebtedness of the Parent or a Restricted Subsidiary permitted under this Agreement to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or
  - (iii) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Parent or any Restricted Subsidiary;
- (e) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalised Lease Obligations permitted under this Agreement, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

- (f) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (g) customary provisions in leases, licenses, joint venture agreements, and other similar agreements and instruments entered into in the ordinary course of business;
- (h) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;
- (i) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
- (j) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;
- (k) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the date of this Agreement pursuant to Section 1 (*Limitation on Indebtedness*) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Lenders than (i) the encumbrances and restrictions contained in the Cabot RCF Agreement, together with the security documents associated therewith as in effect on the date of this Agreement or (ii) in comparable financings (as determined in good faith by the Parent) and where, in the case of clause (ii), the Parent determines at the time such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Borrower's ability to make principal or interest payments on the Utilisations or the ability of the Borrower to make principal or interest payments on the Proceeds Loan;
- (l) restrictions relating to Permitted Purchase Obligations SPVs effected in connection with the incurrence of Permitted Purchase Obligations that, in the good faith determination of the Board of Directors of the Parent, are necessary or advisable; or
- (m) any encumbrance or restriction existing by reason of any lien permitted under Section 3 (*Limitation on Liens*).

5. Limitation on Sales of Assets and Subsidiary Stock.

5.1 The Parent shall not, and shall not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

- (a) the Parent or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Parent, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);
- (b) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Parent or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and
- (c) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Parent or such Restricted Subsidiary, as the case may be:
  - (i) to the extent the Parent or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (A) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Parent or any Restricted Subsidiary or Indebtedness of the Original Borrower) or Indebtedness under the Cabot RCF Agreement (or any Refinancing Indebtedness in respect thereof) within 365 days from the later of (x) the date of such Asset Disposition and (y) the receipt of such Net Available Cash; **provided, however**, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (A), the Parent or such Restricted Subsidiary shall retire such Indebtedness and shall cause the related commitment (if any) (except in the case of the Cabot RCF Agreement) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (B) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; **provided that** the Parent shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (B) only if the Parent makes (at such time or subsequently in compliance with this Section 5) an offer to the Lenders to repay all Loans or portions thereof of each Lender for which such Lender has properly elected repayment



thereof in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Loans at least equal to the proportion that (x) the total aggregate principal amount of Loans outstanding bears to (y) the sum of the total aggregate principal amount of Loans outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or

- (ii) to the extent the Parent or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Parent or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; **provided, however**, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Parent that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; **provided further**, that if the assets (including Capital Stock) sold constitute Collateral, subject to the Agreed Security Principles, the Parent shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Additional Assets (to the extent such assets (including Capital Stock) were of a category of assets included in the Collateral as of the date of this Agreement) in favor of the Loans on a first-ranking basis (subject to pre-existing Liens and Permitted Collateral Liens);

- 5.2 Pending the final application of any such Net Available Cash in accordance with clause (i) or (ii) above, the Parent and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by this Agreement.
- 5.3 Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in paragraph (c) of Section 5.1, or offered to be applied in accordance with paragraph (c)(i)(B) of Section 5.1 above, will be deemed to constitute "Excess Proceeds." On the 366th day after an Asset Disposition, or at such earlier date that the Parent elects, if the aggregate amount of Excess Proceeds exceeds £10.0 million (or equivalent thereof), the Borrower shall be required to make an offer ("Asset Disposition Offer") to all Lenders and, to the extent the Borrower elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Loans and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Loans in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Loans and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with Clause 8.6 (*Application of mandatory prepayments*) of this Agreement or the agreements governing the Pari Passu Indebtedness, as applicable.

- 5.4 To the extent that the aggregate amount of Loans and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Parent may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in this Agreement. If the aggregate principal amount of the Loans surrendered in any Asset Disposition Offer by Lenders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Loans and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of Loans and Pari Passu Indebtedness electing repayment. For the purposes of calculating the principal amount of any such Indebtedness not denominated in pound sterling, such Indebtedness shall be calculated by converting any such principal amount into its Sterling Equivalent determined as of a date selected by the Borrower that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.
- 5.5 To the extent that any portion of Net Available Cash payable in respect of the Loans is denominated in a currency other than pound sterling, the amount thereof payable in respect of the Loans shall not exceed the net amount of funds in pound sterling that is actually received by the Borrower upon converting such portion into pound sterling.
- 5.6 The Asset Disposition Offer will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Borrower shall repay the principal amount of Loans and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this Section 5 (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.
- 5.7 For the purposes of paragraph (b) of Section 5.1 the following will be deemed to be cash:
- (a) the assumption by the transferee of Indebtedness of the Parent or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Parent or any Guarantor) and the release of the Parent or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;
  - (b) securities, notes or other obligations received by the Parent or any Restricted Subsidiary from the transferee that are converted by the Parent or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;
  - (c) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Parent and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

- (d) consideration consisting of Indebtedness of the Parent or the Borrower (other than Subordinated Indebtedness) received after the date of this Agreement from Persons who are not the Parent or any Restricted Subsidiary; and
- (e) any Designated Non-Cash Consideration received by the Parent or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Section 5 that is at that time outstanding, not to exceed the greater of £10.0 million and 3.0% 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).

6. Limitation on Affiliate Transactions

- 6.1 The Parent shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with or for the benefit of any Affiliate of the Parent (such transaction or series of transactions being, an "Affiliate Transaction") involving aggregate value in excess of £1.0 million unless:
- (a) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Parent or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and
  - (b) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess of £5.0 million, the terms of such transaction have been approved by a resolution of the majority of the members of the Board of Directors of the Parent resolving that such transaction complies with paragraph (a) above; and
  - (c) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess of £20.0 million, the Parent has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Parent and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate.
- 6.2 Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in paragraph (b) of Section 6.1 if such Affiliate Transaction is approved by a resolution of a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this Section 6 if the Parent or any of its Restricted Subsidiaries, as the case may be, delivers to the Agent a letter from an Independent Financial Advisor stating that such transaction is fair to the Parent or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Parent or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Parent or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

6.3 The provisions of Section 6.1 will not apply to:

- (a) any Restricted Payment permitted to be made pursuant to Section 2 (*Limitation on Restricted Payments*), any Permitted Payments (other than pursuant to paragraph (i)(ii) of Section 2.3 or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11), (15) and (17) of the definition thereof);
- (b) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Parent, any Restricted Subsidiary or any Holding Company, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Parent, in each case in the ordinary course of business;
- (c) any Management Advances;
- (d) any transaction between or among the Parent and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;
- (e) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Parent, any Restricted Subsidiary or any Holding Company (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);
- (f) the entry into and performance of obligations of the Parent or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the date of this Agreement, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this Section 6 or to the extent not more disadvantageous to the Lenders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

- (g) the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;
- (h) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, which, in each case, are in the ordinary course of business and are either fair to the Parent or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Parent or the relevant Restricted Subsidiary or on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (i) any transaction in the ordinary course of business between or among the Parent or any Restricted Subsidiary and any Affiliate of the Parent or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Parent or a Restricted Subsidiary or any Affiliate of the Parent or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;
- (j) (i) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Parent or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; **provided that** the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Parent in their reasonable determination and (ii) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of this Agreement;
- (k) without duplication in respect of payments made pursuant to paragraph (l) below, (i) payments by the Parent or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Holding Company) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed £1.75 million per fiscal year and (ii) customary payments by the Parent or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Holding Company) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (ii) are approved by a majority of the Board of Directors of the Parent in good faith; and
- (l) payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Parent and its Restricted Subsidiaries.

7. Merger and Consolidation

*The Parent and the Original Borrower*

- 7.1 Neither the Parent nor the Original Borrower shall consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless (and subject to the other terms of this Agreement):
- (a) the resulting, surviving or transferee Person (the “**Successor Company**”) shall be a Person organised and existing under the laws of any member state of the European Union on January 1, 2004, (other than Greece), or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Parent or the Original Borrower, as applicable) shall expressly assume, (x) by Accession Deed, executed and delivered to the Agent, in form reasonably satisfactory to the Agent, all the obligations of the Parent or the Original Borrower, as applicable, under this Agreement and (y) all obligations of the Parent or the Original Borrower, as applicable, under the Intercreditor Agreement and the Transaction Security Documents;
  - (b) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
  - (c) immediately after giving effect to such transaction, either (i) the Successor Company would be able to Incur at least an additional £1.00 of Indebtedness under the Fixed Charge Coverage Ratio set forth in Section 4.09(a) of the 2020 Note Indenture, as in effect on the date of this Agreement, or (ii) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would not be lower that it was immediately prior to giving effect to such transaction; and
  - (d) the Parent shall have delivered to the Agent an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such Accession Deed (if any) comply with this Agreement, and that all conditions precedent therein provided for relating to such transaction have been complied with and an Opinion of Counsel to the effect that such Accession Deed (if any) has been duly authorised, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company, and this Agreement constitutes legal, valid and binding obligations of the Successor Company, enforceable in accordance with its terms (in each case, in form and substance reasonably satisfactory to the Agent); **provided that** in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact, including as to satisfaction of paragraphs (b) and (c) above.
- 7.2 Any Indebtedness that becomes an obligation of the Parent or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this Section 7, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with Section 1 (*Limitation on Indebtedness*).

- 7.3 For purposes of this Section 7 only, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all the properties and assets of one or more Subsidiaries of the Parent or the Original Borrower, which properties and assets, if held by the Parent or the Original Borrower, as applicable, instead of such Subsidiaries, would constitute all or substantially all the properties and assets of the Parent or the Original Borrower, as applicable, on a consolidated basis, shall be deemed to be the transfer of all or substantially all the properties and assets of the Parent or the Original Borrower, as applicable.
- 7.4 The Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Parent or the Original Borrower, as applicable, under this Agreement but in the case of a lease of all or substantially all its assets, the predecessor company shall not be released from its obligations under this Agreement.
- 7.5 Notwithstanding the preceding paragraphs (b) and (c) of Section 7.1 (which do not apply to transactions referred to in this Section 7.5) and, other than with respect to paragraph (d) of Section 7.1, any Restricted Subsidiary that is not a Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding paragraphs (b) and (c) of Section 7.1 (which do not apply to the transactions referred to in this Section 7.5), the Parent may consolidate or otherwise combine with or merge into an Affiliate incorporated or organised for the purpose of changing the legal domicile of the Parent, reincorporating the Parent in another jurisdiction, or changing the legal form of the Parent.

*Subsidiary Guarantors*

- 7.6 No Subsidiary Guarantor may:
- (a) consolidate with or merge with or into any Person, or
  - (b) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or
  - (c) permit any Person to merge with or into a Subsidiary Guarantor, unless:
    - (i) the other Person is a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction;
    - (ii) or
    - (A) either (x) a Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all the obligations of the Subsidiary Guarantor under this Agreement, the Intercreditor Agreement and the Transaction Security Documents and, if applicable, the Proceeds Loan Agreement; and

(B) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

- (iii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Parent or a Restricted Subsidiary) otherwise permitted by this Agreement.

8. [Reserved.]

9. Impairment of Security Interest

9.1 The Parent shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Finance Parties, and the Parent, shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Secured Parties and the other beneficiaries described in the Transaction Security Documents, any interest whatsoever in any of the Collateral that is prohibited by Section 3 "Limitation on Liens;" provided, that the Parent and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with this Agreement, the Intercreditor Agreement or the applicable Transaction Security Documents.

9.2 Notwithstanding the above, nothing in this Section 9 shall restrict the discharge and release of any security interest in accordance with this Agreement and the Intercreditor Agreement. Subject to the foregoing, the Transaction Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the Finance Parties in any material respect; provided, however, that, except where permitted by this Agreement or the Intercreditor Agreement, no Transaction Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Parent delivers to the Security Agent and the Agent, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Agent, from an independent financial advisor or appraiser or investment bank of international standing which confirms the solvency of the Parent and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting the security



interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), or (3) an opinion of counsel (subject to any qualifications customary for this type of opinion of counsel), in form and substance reasonably satisfactory to the Security Agent and the Agent, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Transaction Security Document, so amended, extended, renewed, restated, supplemented, modified or released and retaken are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or release and retake and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject. In the event that the Parent and its Restricted Subsidiaries comply with the requirements of this Section 9.2, the Agent and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Finance Parties.

10. Parent and Existing Target Notes Issuer Activities.

10.1 The Parent will not engage in any business or undertake any other activity, own any assets or incur any liabilities other than: (i) the ownership of the Capital Stock of the Borrower or the Capital Stock of its Subsidiaries, debit and credit balances with its Restricted Subsidiaries and other minimal credit and cash balances in bank accounts and related Investments in Cash Equivalents, Temporary Cash Investments or Investment Grade Securities; (ii) the provision of administration services (including the on-lending of monies to Restricted Subsidiaries in the manner described in (i) above) and management services to their respective Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services; (iii) the entry into and performance of its obligations (and incurrence of liabilities) under (or repurchase or acquisition by means of a tender offer, open market purchases or otherwise, of) the 2019 Notes, the 2020 Notes, the Existing Target Notes, any Financings (as defined in the Engagement Letter), the Finance Documents, the Cabot RCF Agreement, prior to its cancellation, the Marlin RCF Agreement, the Loan Notes, any Hedging Obligations, any Public Debt, other Indebtedness (including any Additional Notes (as defined in the relevant Note Indenture or the Existing Target Note Indenture)) or any other obligations, in each case permitted by the Finance Documents; (iv) the making of any payments or other distributions of the types specified in paragraphs (a), (b) and (c) of Section 2.1 in compliance with Section 2.1 and the making of any Permitted Investments of the types specified under clauses (6) and (16) of the definition thereof; (e) reorganizations for bona fide corporate purposes in compliance with Section 7; **provided that** any successor entity resulting from any such reorganization is subject to the covenant described in this Section 10.1; (f) the granting of Security in accordance with the terms of the 2019 Notes, the 2020 Notes, the Existing Target Notes, any Financings (as defined in the Engagement Letter), the Finance Documents, the Cabot RCF Agreement, any Hedging Obligations, any Public Debt, other Indebtedness or any other obligations, in each case permitted by this Agreement, any Transaction Security

Document to which it is a party, the Intercreditor Agreement and any proceeds loans relating to the foregoing; (g) professional fees and administration costs in the ordinary course of business as a holding company; (h) related or reasonably incidental to the establishment or maintenance of their or their respective Subsidiaries' corporate existence; (i) any liabilities under any Finance Document or any other document entered into in connection with this Agreement, the issuance of the 2019 Notes or the 2020 Notes, the Existing Target Notes, any Financings (as defined in the Engagement Letter), the Loan Notes, prior to its cancellation, the Marlin RCF Agreement or any other Indebtedness permitted under this Agreement (including any Additional Notes); and (j) any other activities which are not specifically listed above and (i) which are ancillary to or related to those listed above or (ii) which are *de minimis* in nature.

- 10.2 From and after the Closing Date, the Existing Target Notes Issuer shall not engage in any business activity or undertake any other activity, other than: (i) the ownership of the Capital Stock of its Subsidiaries, debit and credit balances with any Restricted Subsidiaries and other minimal credit and cash balances in bank accounts and related Investments in Cash Equivalents, Temporary Cash Investments or Investment Grade Securities; (ii) the provision of administration services (including the on-lending of monies to Restricted Subsidiaries in the manner described in (i) above) and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services; (iii) the entry into and performance of its obligations (and incurrence of liabilities) under the 2019 Notes, the 2020 Notes, the Existing Target Notes, any Financings (as defined in the Engagement Letter), the Finance Documents, the Cabot RCF Agreement, any Hedging Obligations and prior to its cancellation, the Marlin RCF Agreement, in each case permitted by the Finance Documents; (iv) the making of any payments or other distributions of the types specified in paragraphs (a), (b) and (c) of Section 2.1 in compliance with Section 2.1; (e) reorganizations for bona fide corporate purposes in compliance with Section 7; **provided that** any successor entity resulting from any such reorganization is subject to the covenant described in this Section 10.2; (f) the granting of Security in accordance with the terms of the 2019 Notes, the 2020 Notes, the Existing Target Notes, any Financings (as defined in the Engagement Letter), the Finance Documents, the Cabot RCF Agreement, any Hedging Obligations, prior to its cancellation, the Marlin RCF Agreement, any Transaction Security Document to which it is a party, the Intercreditor Agreement and any proceeds loans relating to the foregoing; (g) the making of the Consent Solicitation and any other action required by the Tax Structure Report or otherwise by the Agreement; (h) professional fees and administration costs in the ordinary course of business as a holding company; (i) related or reasonably incidental to the establishment or maintenance of their or their respective Subsidiaries' corporate existence; (j) any liabilities under any Finance Document or any other document entered into in connection with this Agreement, the issuance of the 2019 Notes, the 2020 Notes, the Existing Target Notes or any Financings (as defined in the Engagement Letter); and (k) any other activities which are not specifically listed above and (i) which are ancillary to or related to those listed above or (ii) which are *de minimis* in nature.

11. Corporate Existence.

11.1 Subject to Section 7, the Parent, the Original Borrower and each Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect:

- (a) its corporate existence, and the corporate, partnership or other existence of each of the Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Parent or any such Restricted Subsidiary; and
- (b) (2) the rights (charter and statutory), licenses and franchises of the Parent, the Original Borrower, each Guarantor and the Restricted Subsidiaries;

**provided, however,** that the Parent, the Original Borrower and each Guarantor shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of the Restricted Subsidiaries (other than the Original Borrower), if the Board of Directors or an Officer of the Parent shall determine that the preservation thereof is no longer necessary or desirable in the conduct of the business of the Parent, the Original Borrower, each Guarantor and the Restricted Subsidiaries, taken as a whole.

11.2 The foregoing shall not prohibit a sale, transfer or conveyance of a Restricted Subsidiary (other than the Original Borrower) or any of its assets in compliance with the terms of this Agreement.

**PART II**  
**CERTAIN DEFINITIONS**

Any capitalised terms used in this Part I or Part II of Schedule 11 that are not otherwise defined in this Part I or Part II shall have the respective meanings given to them in Clause 1.1 (*Definitions*) of this Agreement. Terms defined only in Clause 1.1 (*Definitions*) of this Agreement shall be construed when they are used in this Schedule 11 (and only for those purposes), in accordance with New York law, notwithstanding that this Agreement is governed by English law. Unless otherwise expressly stated herein references in this Part II of Schedule 11 are to the Sections of Part I of this Schedule 11.

**“Acquired Indebtedness”** means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Parent or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

**“Additional Assets”** means:

- (1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Parent, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Parent or a Restricted Subsidiary; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary engaged in a Similar Business.

**“Affiliate”** of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control,” when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

**“Asset Disposition”** means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors’ qualifying shares), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Parent or

any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; **provided that** the sale, conveyance or other disposition of all or substantially all the assets of the Parent and its Restricted Subsidiaries taken as a whole will be governed by Clause 8.1 (*Change of Control*) of this Agreement or Section 7 (*Merger and Consolidation*) and not by Section 5 (*Limitation on Sales of Assets and Subsidiary Stock*).

Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Parent or by the Parent or a Restricted Subsidiary to a Restricted Subsidiary;
- (2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (3) a disposition of sub-performing or charged-off consumer accounts, instalment loans or other similar accounts or portfolios thereof or inventory or other assets, in each case, in the ordinary course of business;
- (4) a disposition of obsolete, surplus or worn out equipment, or equipment or other property that is no longer useful in the conduct of the business of the Parent and its Restricted Subsidiaries;
- (5) transactions permitted under Section 7.1 (*Merger and Consolidation*) or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Parent or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;
- (7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Parent) of less than the greater of (i) £4.5 million and (ii) 1.4 % of Total Assets;
- (8) any Restricted Payment that is permitted to be made, and is made, under Section 2 (*Limitation on Restricted Payments*) and the making of any Permitted Payment or Permitted Investment or, solely for purposes of paragraph (c) of Section 5.1 (*Limitation on Sales of Assets and Subsidiary Stock*), asset sales, in respect of which (and only to the extent that) the proceeds of which are used to make such Restricted Payments or Permitted Investments;
- (9) dispositions in connection with Permitted Liens;
- (10) dispositions of Receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;
- (12) foreclosure, condemnation or any similar action with respect to any property or other assets;

- (13) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (14) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind; and
- (15) any disposition with respect to property built, owned or otherwise acquired by the Parent or any Restricted Subsidiary pursuant to customary sale and leaseback transactions, finance leases, asset securitisations and other similar financings permitted by this Agreement (where the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (15), does not exceed the greater of (i) £5.0 million and (ii) 1.5% of Total Assets).

“**Associate**” means (i) any Person engaged in a Similar Business of which the Parent or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Parent or any Restricted Subsidiary.

“**Board of Directors**” means (1) with respect to the Parent, the Original Borrower or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorised committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorised committee thereof; and (3) with respect to any other Person, the board or any duly authorised committee of such Person serving a similar function. Whenever any provision of this Agreement requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

“**Business Day**” means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom, New York, New York, United States or Luxembourg are authorised or required by law to close; provided, however, that for any payments to be made under this Agreement, such day shall also be a day on which the second generation Trans-European Automated Real-time Gross Settlement Express Transfer (“**TARGET2**”) payment system is open for the settlement of payments.

“**Capital Stock**” of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“**Capitalised Lease Obligation**” means an obligation that is required to be classified and accounted for as a capitalised lease for financial reporting purposes on the basis of GAAP. The amount of Indebtedness represented by such obligation will be the capitalised amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Cash Equivalents” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union (other than Greece and Portugal), Switzerland or Norway or, in each case, any agency or instrumentality of thereof (**provided that** the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;
- (2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers’ acceptances (in each case, including any such deposits made pursuant to any sinking fund established by the Parent or any Restricted Subsidiary) having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least “A-1” or the equivalent thereof by S&P or at least “P-1” or the equivalent thereof by Moody’s (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £500 million;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;
- (4) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by S&P or “P-2” or the equivalent thereof by Moody’s or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;
- (5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Union (other than Greece and Portugal), Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody’s or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;
- (6) Indebtedness or Preferred Stock issued by Persons with a rating of “BBB–” or higher from S&P or “Baa3” or higher from Moody’s (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;
- (7) bills of exchange issued in the United States, Canada, a member state of the European Union (other than Greece and Portugal), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialised equivalent); and

- (8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

**“Change of Control”** means:

- (1) the Parent becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) that any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the date of this Agreement), other than one or more Permitted Holders, is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the date of this Agreement), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Parent, **provided that** for the purposes of this clause, any holding company whose only asset is the Capital Stock of the Parent will not itself be considered a “person” or “group”;
- (2) following the Initial Public Offering of the Parent or any Holding Company, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Parent or any Holding Company (together with any new directors whose election by the majority of such directors on such Board of Directors of the Parent or any Holding Company or whose nomination for election by shareholders of the Parent or any Holding Company, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the Parent or any Holding Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Parent or any Holding Company, then in office; or
- (3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all the assets of the Parent and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

**“Collateral”** means all property and assets, whether now owned or hereafter acquired, in which Liens are, from time to time, purported to be granted to secure the Utilisations pursuant to the Transaction Security Documents.

**“Commodity Hedging Agreements”** means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.



“**Consolidated EBITDA**” for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) Fixed Charges plus, to the extent not already included or added back, any costs associated with Hedging Obligations or derivatives;
- (2) Consolidated Income Taxes;
- (3) consolidated depreciation expense;
- (4) consolidated amortisation expense, including any amortisation of portfolio assets;
- (5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; **provided that** such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalisation or the Incurrence of any Indebtedness permitted by this Agreement (in each case whether or not successful) (including any such fees, expenses or charges related to the Transactions), in each case, as determined in good faith by an Officer of the Parent;
- (6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;
- (7) the amount of management, monitoring, consulting, employment and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by Section 6 (*Limitation on Affiliate Transactions*); and
- (8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortisation, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

“**Consolidated Income Taxes**” means Taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding Taxes) and Corporation Tax and franchise Taxes of any of the Parent and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

“**Consolidated Interest Expense**” means, with respect to any Person for any period, without duplication, (1) interest payable (whether in cash or capitalised) on Financial Indebtedness of such Person and its Restricted Subsidiaries for such period, plus (i) any amortisation of debt discount with respect to such Indebtedness and (ii) any commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing or bank guarantees, but, in each case, excluding any expense associated with Subordinated Shareholder Funding less (2) interest income for such period.

“**Consolidated Net Income**” means, for any period, the profit (loss) on ordinary activities after taxation of the Parent and its Restricted Subsidiaries determined on a consolidated basis on the basis of GAAP; provided, however, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Parent’s equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Parent or a Restricted Subsidiary as a dividend or other distribution or return on investment or Restricted Subsidiary;
- (2) [Reserved.]
- (3) any net gain (or loss) realised upon the sale or other disposition of any asset or disposed operations of the Parent or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Parent);
- (4) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge (as determined in good faith by the Parent), or any charges or reserves in respect of any restructuring, redundancy or severance expense;
- (5) the cumulative effect of a change in accounting principles;
- (6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;
- (7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;
- (8) any unrealised gains or losses in respect of Hedging Obligations or any ineffectiveness recognised in earnings related to qualifying hedge transactions or the fair value of changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;
- (9) any unrealised foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealised foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

- (10) any unrealised foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Parent or any Restricted Subsidiary owing to the Parent or any Restricted Subsidiary;
- (11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets 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 Parent and the Restricted Subsidiaries), as a result of any consummated acquisition, or the amortisation or write-off of any amounts thereof (including any write-off of in process research and development);
- (12) any goodwill or other intangible asset impairment charge or write-off; and
- (13) the impact of capitalised, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

“**Contingent Obligations**” means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
  - (a) for the purchase or payment of any such primary obligation; or
  - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“**Credit Facility**” means, with respect to the Parent or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Cabot RCF Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended from time to time (whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the Cabot RCF Agreement or one or more other credit or other agreements, indentures, financing

agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

**"Currency Agreement"** means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

**"Designated Non-Cash Consideration"** means the fair market value (as determined in good faith by the Parent) of non-cash consideration received by the Parent or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Section 5 (*Limitation on Sales of Assets and Subsidiary Stock*).

**"Designated Preference Shares"** means, with respect to the Parent or any Holding Company, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Parent or a Subsidiary of the Parent or an employee stock ownership plan or trust established by the Parent or any such Subsidiary for the benefit of their employees to the extent funded by the Parent or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Parent at or prior to the issuance thereof.

**"Disinterested Director"** means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Parent having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Parent shall be deemed not to have such a financial interest solely by reason of such member's holding Capital Stock of the Parent or any Holding Company or any options, warrants or other rights in respect of such Capital Stock.

**"Disqualified Stock"** means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Parent or a Restricted Subsidiary); or
- (3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) Final Maturity Date or (b) the date on which there are no Loans or Exchange Notes outstanding; provided, however, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Parent to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with 2 (*Limitation on Restricted Payments*).

**“Equity Offering”** means (x) a sale of Capital Stock of the Parent (other than Disqualified Stock or Designated Preference Shares and other than an Excluded Contribution) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities of the Holding Company, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Parent or any of its Restricted Subsidiaries.

**“ERC”** means, for any date of calculation, the aggregate amount of estimated remaining collections projected to be received by the Parent and its Restricted Subsidiaries from all Right to Collect Accounts and all sub-performing or charged-off consumer accounts, instalment loans or other similar accounts or portfolios thereof owned by the Parent and its Restricted Subsidiaries during the period of 84 months, as calculated by the Portfolio ERC Model, as at the last day of the month most recently ended prior to the date of calculation.

**“Escrowed Proceeds”** means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term “Escrowed Proceeds” shall include any interest earned on the amounts held in escrow.

**“Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

**“Excluded Contribution”** means Net Cash Proceeds or property or assets received by the Parent as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Parent after the date of this Agreement or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent or any Subsidiary of the Parent for the benefit of its employees to the extent funded by the Parent or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Parent, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Parent.

“**fair market value**” may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Parent setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“**Financial Indebtedness**” means any Indebtedness described under clauses (1), (2), (4), (5), (6) and (7) of the definition of “Indebtedness.”

“**Fixed Charge Coverage Ratio**” means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recently completed four consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements are available to the Fixed Charges of such Person and its Restricted Subsidiaries for such four consecutive fiscal quarters. In the event that the Parent or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than, in the case of redemption, defeasance, retirement or extinguishment, Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Fixed Charge Coverage Ratio Calculation Date”), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations that have been made by the Parent or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Parent or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued any operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Parent (including synergies and cost savings). 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 Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any

Hedging Obligations applicable to such Indebtedness). Interest on a Capitalised Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Parent to be the rate of interest implicit in such Capitalised Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. 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 Parent may designate.

“**Fixed Charges**” means, with respect to any Person for any period, the sum of:

- (1) Consolidated Interest Expense of such Person for such period;
- (2) all cash and non-cash dividends or other distributions payable (excluding items eliminated in consolidation) on any series of Preferred Stock during such period;
- (3) all cash and non-cash dividends or other distributions payable (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period; and
- (4) any interest expense on Indebtedness of another person that is guaranteed by such Person or its Restricted Subsidiaries or secured by a Lien on assets of such Person or its Restricted Subsidiaries, but only to the extent such guarantee or Lien is called upon;

determined on a consolidated basis in accordance with GAAP.

“**GAAP**” means generally accepted accounting principles in the United Kingdom as in effect on the date of any calculation or determination required hereunder. Except as otherwise set forth in this Schedule 11, all ratios and calculations based on GAAP contained in this Schedule 11 shall be computed in accordance with GAAP. At any time after the date of this Agreement, the Parent may elect to establish that GAAP shall mean UK GAAP as in effect on or prior to the date of such election; **provided that** any such election, once made, shall be irrevocable. At any time after the date of this Agreement, the Parent may elect to apply IFRS accounting principles in lieu of UK GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Schedule 11), including as to the ability of the Parent to make an election pursuant to the previous sentence; **provided that** any such election, once made, shall be irrevocable; **provided, further, that** any calculation or determination in this Schedule 11 that requires the application of UK GAAP for periods that include Financial Quarters ended prior to the Parent’s election to apply IFRS shall remain as previously calculated or determined in accordance with UK GAAP; provided, further, however, that the Parent may only make such election if it also elects to prepare any subsequent financial statements required to be delivered under this Agreement by the Parent, in IFRS. The Parent shall give notice of any such election made in accordance with this definition to the Agent.

“**Governmental Authority**” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

**“Guarantee”** means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided, however, that the term “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

**“Guarantor”** means the Parent, CCML (and any successor obligor under the guarantee of CCML) and any Restricted Subsidiary that Guarantees the Utilisations.

**“Hedging Obligations”** of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a **“Hedging Agreement”**).

**“Holding Company”** means any Person of which the Parent at any time is or becomes a Subsidiary after the date of this Agreement (including CCML) and any holding companies established by any Permitted Holder for purposes of holding its investment in any Holding Company.

**“IFRS”** means the International Financial Reporting Standards (formerly, International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Parent or its Restricted Subsidiaries are, or may be, required to comply; **provided that** at any date after the date of this Agreement the Parent may make an irrevocable election to establish that “IFRS” shall mean IFRS as in effect on a date that is on or prior to the date of such election. The Parent shall give notice of any such election to the Agent.

**“Incur”** means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms “Incurred” and “Incurrence” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be “Incurred” at the time any funds are borrowed thereunder.

**“Indebtedness”** means, with respect to any Person on any date of determination (without duplication):

- (1) the principal of indebtedness of such Person for borrowed money;



- (2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);
- (4) Capitalised Lease Obligations of such Person;
- (5) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary (other than the Original Borrower), any Preferred Stock (but excluding, in each case, any accrued dividends);
- (6) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Parent) and (b) the amount of such Indebtedness of such other Persons;
- (7) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and
- (8) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "**Indebtedness**" shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the date of this Agreement, any asset retirement obligations, prepayments or deposits received from clients or customers, in each case, in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the date of this Agreement or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in this Schedule 11, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (5), (6) or (8) above) shall be (a) in the case of any Indebtedness issued with original issue discount, the amount in respect thereof that would appear on the balance sheet of such Person in accordance with GAAP and (b) the principal amount of the Indebtedness, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

- (i) Contingent Obligations Incurred in the ordinary course of business;
- (ii) in connection with the purchase by the Parent or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or
- (iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

**"Independent Financial Advisor"** means an investment banking or accounting firm of international standing or any third party appraiser of international standing; provided, however, that such firm or appraiser is not an Affiliate of the Parent.

**"Initial Public Offering"** means an Equity Offering of common stock or other common equity interests of the Parent or any Holding Company or any successor of the Parent or any Holding Company (the **"IPO Entity"**) following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognised exchange or traded on an internationally recognised market.

**"Interest Rate Agreement"** means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

**"Investment"** means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of GAAP; provided, however, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Parent or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Parent or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in Section 2 (*Limitation on Restricted Payments*).

For purposes of Section 2 (*Limitation on Restricted Payments*):

- (1) **“Investment”** will include the portion (proportionate to the Parent’s equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Parent will be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Parent’s “Investment” in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Parent’s equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Parent in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Parent.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Parent’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

**“Investment Grade Securities”** means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities issued or directly and fully guaranteed or insured by a member of the European Union (other than Greece and Portugal), or any agency or instrumentality thereof (other than Cash Equivalents);
- (3) debt securities or debt instruments with a rating of “A–” or higher from S&P or “A3” or higher by Moody’s or the equivalent of such rating by such rating organisation or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Parent and its Subsidiaries; and
- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

**“IPO Entity”** has the meaning given to it in the definition of “Initial Public Offering”.

“**Lien**” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“**Management Advances**” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Parent, any Holding Company or any Restricted Subsidiary:

- (1) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business;
- (2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or
- (3) not exceeding £0.5 million in the aggregate outstanding at any time.

“**Management Investors**” means the officers, directors, employees and other members of the management of or consultants to any Holding Company, the Parent or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Parent, any Restricted Subsidiary or any Holding Company.

“**Market Capitalisation**” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“**Moody’s**” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“**Nationally Recognized Statistical Rating Organization**” means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act.

“**Net Available Cash**” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which are required by applicable law to be repaid out of the proceeds from such Asset Disposition;

- (3) all distributions and other payments required to be made to minority interest holders (other than any Holding Company, the Parent or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Parent or any Restricted Subsidiary after such Asset Disposition.

**“Net Cash Proceeds,”** with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions).

**“Officer”** means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an “Officer” for the purposes of the Note Indenture by the Board of Directors of such Person.

**“Officer’s Certificate”** means, with respect to any Person, a certificate signed by one Officer of such Person.

**“Opinion of Counsel”** means a written opinion from legal counsel reasonably satisfactory to the Agent. Such legal counsel may be an employee of or counsel to the Parent or its Subsidiaries.

**“Parent Expenses”** means:

- (1) costs (including all professional fees and expenses) Incurred by any Holding Company in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, this Agreement or any other agreement or instrument relating to Indebtedness of the Parent or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;
- (2) customary indemnification obligations of any Holding Company owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Parent and its Subsidiaries;
- (3) obligations of any Holding Company in respect of director and officer insurance (including premiums therefor) to the extent relating to the Parent and its Subsidiaries;

- (4) (a) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Holding Company related to the ownership or operation of the business of the Parent or any of its Restricted Subsidiaries (including, without limitation, accounting, legal, corporate reporting, and administrative expenses as well as payments made pursuant to secondment, employment or similar agreements entered into between the Parent and/or any of its Restricted Subsidiaries and/or any Holding Company or any employee thereof) or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, of the Issuer by any Holding Company;
- (5) other fees, expenses and costs relating directly or indirectly to activities of the Parent and its Subsidiaries in an amount not to exceed £1.5 million in any fiscal year; and
- (6) expenses Incurred by any Holding Company in connection with any Public Offering or other sale of Capital Stock or Indebtedness:
  - (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Parent or a Restricted Subsidiary,
  - (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or
  - (z) otherwise on an interim basis prior to completion of such offering so long as any Holding Company shall cause the amount of such expenses to be repaid to the Parent or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

**“Pari Passu Indebtedness”** means Indebtedness of the Parent (other than Indebtedness of the Parent pursuant to the Cabot RCF Agreement and Priority Hedging Obligations), the Original Borrower or any Guarantor if such Guarantee ranks equally in right of payment to the Note Guarantees which, in each case, is secured by Liens on the Collateral.

**“Permitted Asset Swap”** means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Parent or any of its Restricted Subsidiaries and another Person; **provided that** any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under Section 5 (*Limitation on Sales of Assets and Subsidiary Stock*).

**“Permitted Collateral Liens”** means (A) Liens on the Collateral described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), (14), (18), (19), (20), (21), (22), (23) and (25) of the definition of “Permitted Liens”, (B) Liens on the Collateral to secure Indebtedness of the Parent or a Restricted Subsidiary that is permitted to be Incurred under paragraphs (a), (b) (in the case of paragraph (b), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of “Permitted Collateral Liens”), (d)(i), (ii) and (iii) (if the original Indebtedness was so secured), (e) or (j) of Section 1.2 (*Limitation on Indebtedness*); **provided, however**, that any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) all other Liens on such Collateral securing the Loans or any guarantees in respect thereof (except that a Lien in favor of Indebtedness incurred under paragraph (a) of Section 1.2 (*Limitation on*

*Indebtedness*) and a Lien in favor of Priority Hedging Obligations may have super priority in respect of the application of proceeds from any realization or enforcement of the Collateral on terms not materially less favorable to the Lenders than that accorded to the Cabot RCF Agreement on the date of this Agreement as provided in the Intercreditor Agreement as in effect on the date of this Agreement), (C) [reserved], or (D) Liens on Collateral securing Refinancing Indebtedness in respect of any Indebtedness secured pursuant to the foregoing clauses (A) and (B); **provided** that any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) all other Liens on such Collateral securing the Loans or any guarantees in respect thereof (except as otherwise permitted in clause (B)). To the extent that a Lien on the Collateral consists of a mortgage over any real estate located in the United Kingdom, it shall constitute a Permitted Collateral Lien only to the extent that a mortgage ranking at least pari passu is granted in favor of the Security Agent for the benefit of the Finance Parties.

**“Permitted Holders”** means, collectively, (1) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Agreement, (2) J.C. Flowers & Co. LLC and any funds controlled or advised by J.C. Flowers & Co. LLC and any Affiliate or Related Persons thereof, (3) Senior Management, (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Holding Company or the Parent, acting in such capacity, and (5) Encore Capital Group, Inc. (and any successor thereto, whether as a result of merger, consolidation, transfer, conversion of legal form or otherwise) and any Affiliate thereof. Any person or group that includes a Permitted Holder shall also be deemed to be a Permitted Holder, provided that Permitted Holders as defined in clauses (1), (2), (3) and (5) above retain exclusive beneficial ownership and control of at least 50.1% of the total voting power of the Voting Stock of the Parent beneficially owned by any group that becomes a Permitted Holder at any time as a result of the application of this sentence (without giving effect to the existence of such group or any other group).

**“Permitted Investment”** means (in each case, by the Parent or any of its Restricted Subsidiaries):

- (1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Parent or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;
- (2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Parent or a Restricted Subsidiary;
- (3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (4) Investments in Receivables owing to the Parent or any Restricted Subsidiary created or acquired in the ordinary course of business;

- (5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) Management Advances;
- (7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Parent or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganisation or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with Section 5 (*Limitation on Sales of Assets and Subsidiary Stock*);
- (9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the date of this Agreement;
- (10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with Section 1 (*Limitation on Indebtedness*);
- (11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of 4.5% of Total Assets and £15.0 million; **provided that**, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Section 2 (*Limitation on Restricted Payments*), such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;
- (12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under Section 3 (*Limitation on Liens*);
- (13) any Investment to the extent made using Capital Stock of the Parent (other than Disqualified Stock) or Capital Stock of any Holding Company as consideration;
- (14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of Sections 6.2 and 6.3 (*Limitation on Affiliate Transactions*) (except those described in paragraphs (a), (c), (f), (h), (i) and (l) of Section 6.3);
- (15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with this Agreement;



- (16) Guarantees not prohibited by Section 1 (*Limitation on Indebtedness*) and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;
- (17) Investments in Associates or Unrestricted Subsidiaries in an aggregate amount when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding not to exceed the greater of 3.0% of Total Assets and £10.0 million; and
- (18) Investments in the Notes and any Additional Notes (as defined in the Note Indenture).

“**Permitted Liens**” means, with respect to any Person:

- (1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;
- (2) pledges, deposits or Liens under workmen’s compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers’, warehousemen’s, mechanics’, landlords’, materialmen’s and repairmen’s or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for Taxes not yet delinquent or which are being contested in good faith by appropriate proceedings; **provided that** appropriate reserves required pursuant to GAAP have been made in respect thereof;
- (5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers’ acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Parent or any Restricted Subsidiary in the ordinary course of its business;
- (6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Parent and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Parent and its Restricted Subsidiaries;

- (7) Liens on assets or property of the Parent or any Restricted Subsidiary securing Hedging Obligations permitted under this Agreement;
- (8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens on assets or property of the Parent or any Restricted Subsidiary for the purpose of securing Capitalised Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property; **provided that** (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under this Agreement and (b) any such Lien may not extend to any assets or property of the Parent or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;
- (11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Parent and its Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on, or provided for or required to be granted under written agreements existing on, the date of this Agreement;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Parent or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Parent or any Restricted Subsidiary); provided, however, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); provided, further, that such Liens do not extend to or cover any property or assets of the Parent and its Restricted Subsidiaries other than (A) the property or assets acquired or (B) the property or assets of the person acquired, merged with or into or consolidated or combined with the Parent or a Restricted Subsidiary;
- (15) Liens on assets or property of the Parent or any Restricted Subsidiary securing Indebtedness or other obligations of the Parent or such Restricted Subsidiary owing to the Parent or another Restricted Subsidiary, or Liens in favor of the Parent or any Restricted Subsidiary;

- (16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under this Schedule 11; **provided that** any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;
- (17) any interest or title of a lessor under any Capitalised Lease Obligation or operating lease;
- (18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Parent or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;
- (19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (21) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;
- (22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;
- (23) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (24) Liens which do not exceed £5.0 million at any one time outstanding;
- (25) Liens on Capital Stock of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary; and

- (26) Liens securing Permitted Purchase Obligations, **provided that** any such Lien is only over the assets and Capital Stock of the relevant Permitted Purchase Obligations SPV.

**“Permitted Purchase Obligations”** means any Indebtedness Incurred by a Permitted Purchase Obligations SPV to finance or refinance the acquisition of sub-performing or charged-off consumer accounts, instalment loans or other similar accounts or portfolios thereof (including through the use of Right to Collect Accounts) purchased by such Permitted Purchase Obligations SPV in an aggregate principal amount not exceeding at the time of the incurrence of such Permitted Purchase Obligations, together with any other Indebtedness incurred pursuant to paragraph (1) of Section 1.2 (*Limitation on Indebtedness*) and then outstanding, 15.0% of the ERC of the Parent and its Restricted Subsidiaries, calculated in good faith on a *pro forma* basis by management as of the date of purchase of such sub-performing or charged-off consumer accounts, instalment loans or other similar accounts or such portfolios (including through the use of Right to Collect Accounts), **provided that**:

- (1) except for the granting of a Lien described in clause (26) of the definition of “Permitted Liens,” no portion of any Permitted Purchase Obligations or any other obligations (contingent or otherwise) of the applicable Permitted Purchase Obligations SPV (i) is guaranteed by the Parent or any other Restricted Subsidiary, (ii) is recourse to or obligates the Parent or any other Restricted Subsidiary in any way, or (iii) subjects any property or asset of the Parent or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof,
- (2) neither the Parent nor any other Restricted Subsidiary has any obligation to maintain or preserve the applicable Permitted Purchase Obligations SPV’s financial condition or cause such entity to achieve certain levels of operating results, and
- (3) such Permitted Purchase Obligation is secured (if at all) only over the assets of and Capital Stock of the relevant Permitted Purchase Obligations SPV.

**“Permitted Purchase Obligations SPV”** means a Wholly Owned Restricted Subsidiary (i) which engages in no activities other than the acquisition of sub-performing or charged-off consumer accounts, instalment loans or other similar accounts or portfolios thereof (including through the use of Right to Collect Accounts), the Incurrence of Permitted Purchase Obligations to finance such acquisition and any business or activities incidental or related to such business and is set up in connection with the Incurrence of Permitted Purchase Obligations, (ii) to which the Parent or any Restricted Subsidiary contributes, loans or otherwise transfers no amounts in excess of amounts required, after giving effect to the Incurrence of Permitted Purchase Obligations, to consummate the relevant purchase of assets and amounts required for incidental expenses, costs and fees for the set-up and continuing operations of such Permitted Purchase Obligations SPV, and (iii) all the Capital Stock of which is held by a Wholly Owned Restricted Subsidiary which holds no other material assets.

**“Person”** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability company, government or any agency or political subdivision thereof or any other entity.

**“Portfolio ERC Model”** means the models and methodologies that the Parent uses to calculate the value of its loan portfolios and those of its Subsidiaries, consistently with its audited financial statements as of the date of this Agreement.

**“Preferred Stock,”** as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

**“Priority Hedging Obligations”** means designated Hedging Obligations in an aggregate amount outstanding at any time of up to £10 million.

**“Public Debt”** means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional and other investors, in each case, that are not Affiliates of the Parent, in accordance with Section 4(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

**“Public Market”** means any time after:

- (1) an Equity Offering has been consummated; and
- (2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £50 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

**“Public Offering”** means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

**“Purchase Money Obligations”** means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

**“Receivable”** means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of GAAP.

**“refinance”** means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms “refinances,” “refinanced” and “refinancing” as used for any purpose in this Schedule 11 shall have a correlative meaning.

**“Refinancing Indebtedness”** means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of this Agreement or Incurred in compliance with this Agreement (including Indebtedness of the Parent that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Parent or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Final Maturity Date;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and
- (3) if the Indebtedness being refinanced is expressly subordinated to the Utilisation, such Refinancing Indebtedness is subordinated to the Utilisation on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being refinanced, provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Parent or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred within 120 days after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

**“Regulation S”** means Regulation S promulgated under the Securities Act.

**“Related Person”** with respect to any Person, means:

- (1) any controlling equity holder or Subsidiary of such Person; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individuals and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or
- (4) in the case of J.C. Flowers & Co. LLC, any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

“**Related Taxes**” means:

- (1) any Taxes (other than (x) Taxes measured by gross or net income, receipts or profits and (y) withholding Taxes), required to be paid (provided such Taxes are in fact paid) by any Holding Company by virtue of its:
  - (a) being organised or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Parent or any of the Parent’s Subsidiaries);
  - (b) issuing or holding Subordinated Shareholder Funding; or
  - (c) being a holding company parent, directly or indirectly, of the Parent or any of the Parent’s Subsidiaries;
- (2) if and for so long as the Parent is a member of a group filing a consolidated or combined tax return with any Holding Company, any consolidated or combined Taxes measured by income for which such Holding Company is liable up to an amount not to exceed the amount of any such Taxes that the Parent and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Parent and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Parent and its Subsidiaries; **provided that** distributions shall be permitted in respect of the income of an Unrestricted Subsidiary only to the extent such Unrestricted Subsidiary distributed cash for such purpose to the Parent or its Restricted Subsidiaries.

“**Restricted Investment**” means any Investment other than a Permitted Investment.

“**Restricted Subsidiary**” means any Subsidiary of the Parent other than an Unrestricted Subsidiary.

“**Right to Collect Account**” means a sub-performing or charged-off consumer account, instalment loan or other similar account that is owned by a person that is not the Parent or one of its Restricted Subsidiaries (a “**Third Party**”) and in respect of which (a) such Third Party is unable or unwilling to dispose of the relevant account, debt or loan to the Parent or a Restricted Subsidiary; and (b) the Parent or a Restricted Subsidiary is entitled to collect and retain substantially all of the amounts due under such account, debt or loan or to receive amounts equivalent thereto.

“**Rule 144A**” means Rule 144A promulgated under the Securities Act.

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

“**S&P**” means Standard & Poor’s Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“**Secured Indebtedness**” means any Indebtedness secured by a Lien.

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

“**Senior Management**” means any previous or current officers, directors, and other members of senior management of the Parent or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Parent or any Holding Company.

“**Similar Business**” means (a) any businesses, services or activities engaged in by the Parent or any of its Subsidiaries or any Associates on the date of this Agreement and (b) any businesses, services and activities engaged in by the Parent or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“**Stated Maturity**” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“**Sterling Equivalent**” means, with respect to any monetary amount in a currency other than pound sterling, at any time of determination thereof by the Parent or the Agent, the amount of pound sterling obtained by converting such currency other than pound sterling involved in such computation into pound sterling at the spot rate for the purchase of pound sterling with the applicable currency other than pound sterling as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Parent) on the date of such determination.

“**Subordinated Indebtedness**” means, with respect to any person, any Indebtedness (whether outstanding on the date of this Agreement or thereafter Incurred) which is expressly subordinated in right of payment to the Utilisations pursuant to a written agreement (which, for the avoidance of doubt, will not include the Notes or any Pari Passu Indebtedness).

“**Subordinated Shareholder Funding**” means any funds provided to the Parent by any Holding Company, any Affiliate of any Holding Company or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Holding Company or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Final Maturity Date (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Parent or any funding meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Final Maturity Date, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;



- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Final Maturity Date;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Parent or any of its Subsidiaries; and
- (5) pursuant to its terms is fully subordinated and junior in right of payment to the Utilisations pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding, provided, further, however, that upon the occurrence of any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding, such Indebtedness shall constitute an incurrence of such Indebtedness by the Parent, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Funding.

**“Subsidiary”** means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or
- (2) any partnership, joint venture, limited liability company or similar entity of which:
  - (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and
  - (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

**“Subsidiary Guarantor”** means a Restricted Subsidiary of the Parent (other than the Original Borrower) that guarantees the Utilisations.

**“Taxes”** means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

“Temporary Cash Investments” means any of the following:

- (1) any investment in
  - (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state (other than Greece and Portugal), (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Parent or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or
  - (b) direct obligations of any country recognised by the United States of America rated at least “A” by S&P or “A-1” by Moody’s (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers’ acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:
  - (a) any lender under the Cabot RCF Agreement,
  - (b) any institution authorised to operate as a bank in any of the countries or member states referred to in clause (1)(a) above, or
  - (c) any bank or trust company organised under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of £250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least “A” by S&P or “A-2” by Moody’s (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;
- (4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Parent or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of “P-2” (or higher) according to Moody’s or “A-2” (or higher) according to S&P (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

- (5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state (other than Greece and Portugal) or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least “BBB” by S&P or “Baa3” by Moody’s (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (6) bills of exchange issued in the United States, Canada, a member state of the European Union (other than Greece and Portugal), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialised equivalent);
- (7) any money market deposit accounts issued or offered by a commercial bank organised under the laws of a country that is a member of the Organisation for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least “A” by S&P or “A2” by Moody’s (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and
- (9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

“**Total Assets**” means the consolidated total assets of the Parent and its Restricted Subsidiaries in accordance with GAAP as shown on the most recent balance sheet of such Person.

“**Transactions**” means the entry into the Finance Documents and use of proceeds thereof (including, without limitation, the Acquisition) and all actions reasonably related thereto.

“**UK Government Obligations**” means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

“**Uniform Commercial Code**” means the New York Uniform Commercial Code.

“**Unrestricted Subsidiary**” means:

- (1) any Subsidiary of the Parent (other than the Original Borrower) that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Parent in the manner provided below); and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Parent may designate any Subsidiary of the Parent (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), other than the Original Borrower, to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Parent or any other Subsidiary of the Parent which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Parent in such Subsidiary complies with Section 2 (*Limitations on Restricted Payments*).

Any such designation by the Board of Directors of the Parent shall be evidenced to the Agent by filing with the Agent a resolution of the Board of Directors of the Parent giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Parent may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Parent could Incur at least £1.00 of additional Indebtedness under the Fixed Charge Coverage Ratio set forth in Section 4.09(a) of the 2020 Notes Indenture (as in effect on the date hereof) (y) the Fixed Charge Coverage Ratio for the Parent and its Restricted Subsidiaries would not be worse than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Agent by promptly filing with the Agent a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

**"U.S. Person"** means a U.S. Person as defined in Rule 902.

**"Voting Stock"** of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

**"Wholly Owned Restricted Subsidiary"** means a Restricted Subsidiary of the Parent, all the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Parent or another Wholly Owned Restricted Subsidiary) is owned by the Parent or another Wholly Owned Restricted Subsidiary.

**"Working Capital Intercompany Loan"** means any loan to or by the Parent or any of its Restricted Subsidiaries to or from the Parent or any of its Restricted Subsidiaries from time to time (i) for purposes of consolidated cash and tax management and working capital management and (ii) for a duration of less than one year.

**SCHEDULE 12**  
**FORM OF INCREASE CONFIRMATION**

To: [—] as Agent, [—] as Security Agent and [•] as Parent, for and on behalf of each Obligor

From: [the *Increase Lender*] (the “**Increase Lender**”)

Dated: [—]

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge**  
**Facilities Agreement dated [—] 2014, as amended and/or restated from time to time (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 Increase Confirmation for the purpose of the Facilities Agreement and as a Creditor/Agent Accession Undertaking (as defined in and) 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.
2. We refer to Clause 2.2 (*Increase*) of the Facilities Agreement.
3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the “**Relevant Commitment**”) as if it was an Original Lender under the Facilities Agreement.
4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the “**Increase Date**”) is [—].
5. On the Increase Date, the Increase Lender becomes:
  - (a) party to the relevant Finance Documents (other than the Intercreditor Agreement) as a Lender; and
  - (b) party to the Intercreditor Agreement as a Senior Creditor.
6. The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
7. The Increase Lender expressly acknowledges the limitations on the Lenders’ obligations referred to in paragraph (f) of Clause (b) (*Increase*).
8. The Increase Lender confirms that it is not a Sponsor Affiliate.
9. The Increase Lender confirms (for the benefit of the Agent and without liability to any Obligor) that it is:
  - (a) [a Qualifying Lender (other than a Treaty Lender);]

- (b) [a Treaty Lender;]
  - (c) [not a Qualifying Lender]; and
10. [The Increase Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
- (a) a company resident in the United Kingdom for United Kingdom tax purposes;
  - (b) a partnership each member of which is:
    - (i) a company so resident in the United Kingdom; or
    - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
  - (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.]
11. [The Increase Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number [ ]) and is tax resident in [ ], so that interest payable to it by UK borrowers is generally subject to full exemption from UK withholding tax and request that the Parent notify:
- (a) each UK Borrower which is a Party as a Borrower as at the Transfer Date; and
  - (b) each Additional Borrower which is a UK Borrower and which becomes an Additional Borrower after the Transfer Date,
- that it wishes that scheme to apply to this Agreement.
12. [The Increase Lender confirms that it [is]/[is not]\* a Non-Acceptable L/C Lender.]\*\*
13. We refer to clause 20.13 (Creditor/Creditor Representative Accession Undertaking) of the Intercreditor Agreement:
- In consideration of the Increase Lender being accepted as a Senior Creditor for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement), the Increase Lender confirms that, as from the Increase Date, it intends to be party to the Intercreditor Agreement as a Senior Creditor, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Senior Creditor 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.

14. 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.
15. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
16. This Agreement has been entered into on the date stated at the beginning of this Agreement.

**Note: The execution of this Increase Confirmation may not be sufficient for the Increase Lender to obtain the benefit of the Transaction Security in all jurisdictions. It is the responsibility of the Increase Lender to ascertain whether any other documents or other formalities are required to obtain the benefit of the Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE**

**Relevant Commitment/rights and obligations to be assumed by the Increase Lender**

*[insert relevant details]*

*[Facility office address, fax number and attention details for notices and account details for payments]*

[Increase Lender]

By:

This Agreement is accepted as an Increase Confirmation for the purposes of the Facilities Agreement by the Agent [and as a Creditor/Agent Accession Undertaking for the purposes of the Intercreditor Agreement by the Security Agent\*] and the Increase Date is confirmed as [ ].

Agent

By:

[Security Agent

By: \*]



**SCHEDULE 13**  
**AGREED SECURITY PRINCIPLES**

**1. SECURITY PRINCIPLES**

- (a) The guarantees and security to be provided in connection with the proposed Transactions will be given in accordance with the security principles set out herein (the “**Agreed Security Principles**”).
- (b) The Agreed Security Principles embody recognition by all parties that there may be certain legal and practical difficulties in obtaining security and guarantees from all proposed grantors of security and guarantees (the “**Grantors**”) in every jurisdiction in which the Grantors are incorporated. In particular:
- (i) general statutory limitations, capital maintenance, financial assistance, corporate benefit, fraudulent preference, “thin capitalisation” rules, retention of title claims and similar principles may limit the ability of a Grantor to provide guarantees or security or may require that the guarantee or security be limited by an amount or otherwise. The Parent will use reasonable endeavours to assist in demonstrating that adequate corporate benefit accrues to each Grantor. Limitation language will be included in respect of all guarantees and security documents limiting the liability under the guarantees and the enforceability of the security as required or customary under applicable law;
  - (ii) the security and extent of its perfection will be agreed taking into account the cost to the Restricted Group of providing security so as to ensure that it is proportionate to the benefit accruing to the Secured Parties (as defined in the Intercreditor Agreement);
  - (iii) any assets subject to third party arrangements which are not prohibited by the Debt Documents (as defined in the Intercreditor Agreement) and which prevent those assets from being granted as security will be excluded in any relevant Transaction Security Document **provided that** reasonable endeavours to obtain consent to grant security interests over any such assets shall be used by the relevant Grantor if the relevant asset is material, and **provided further that** when making a Permitted Acquisition referred to in paragraph (v) of that definition no member of the Restricted Group shall enter into any agreement or undertaking at the time of such acquisition with a minority shareholder that prevents such entities from providing guarantees or those assets from being granted as security as contemplated in that paragraph (v);
  - (iv) Grantors will not be required to give guarantees or enter into Transaction Security Documents to the extent that it would conflict with the fiduciary duties of their directors or officers or contravene any legal or regulatory prohibition or result in a risk of personal or criminal liability on the part of any director or officer;

- (v) perfection of Security, when required pursuant to these Agreed Security Principles, and other legal formalities will be completed as soon as practicable and, in any event, within the time periods specified in the Transaction Security Documents or (if earlier or to the extent no such time periods are specified in the Transaction Security Documents) within the time periods specified by applicable law in order to ensure due perfection. The perfection of Security granted will not be required if it would have an unreasonable adverse effect on the ability of the relevant Grantor to conduct its operations and business in the ordinary course as to the extent not otherwise prohibited by the Debt Documents. The registration of security interests in intellectual property will (at all times subject to paragraph (iii) above and (c) below) only be in respect of material intellectual property in jurisdictions to be agreed;
  - (vi) the maximum guaranteed or secured amount may be limited to minimise stamp duty, notarisaton, registration or other applicable fees, taxes and duties as well as the tax cost to the Restricted Group where the benefit of increasing the granted or secured amount is disproportionate to the level of such fee, taxes and duties or tax cost to the Restricted Group;
  - (vii) no perfection action will be required in jurisdictions where Grantors are not incorporated;
  - (viii) where a class of assets to be secured includes material and immaterial assets, if the cost of granting Security over the immaterial assets is disproportionate to the benefit of such Security, Security will be granted over the material assets only;
  - (ix) unless granted under a global security document governed by the law of the jurisdiction of an Obligor or under English law or as otherwise required by applicable law, all Security (other than share security over subsidiaries of the relevant Grantor and other assets of the relevant Grantor incorporated or located in jurisdictions other than the jurisdiction of incorporation of the Grantor) shall be governed by the law of the jurisdiction of incorporation of that Grantor;
  - (x) the Security Agent will hold one set of security for the Finance Parties; and
  - (xi) the Parent shall be responsible for costs and expenses reasonably incurred by the Finance Parties and the Restricted Group (including reasonable legal expenses, disbursements, registration costs and all taxes, duties and fees (notarial or otherwise)) in respect of guarantees and security.
- (c) The Security Agent or the Finance Parties, as the case may be, shall promptly discharge any guarantees and release any Security which is or are subject to any legal or regulatory prohibition as is referred to in paragraph (b)(iv) above.

## 2. GRANTORS AND SECURITY

- (a) Each guarantee will be an upstream, cross-stream and downstream guarantee and each guarantee and security will be for all liabilities of each Debtor (as defined in the Intercreditor Agreement and including, for the avoidance of doubt, the Senior Note Issuer (as defined in the Intercreditor Agreement) and each Obligor) and any Grantors under the Debt Documents in accordance with, and subject to the requirements of the Agreed Security Principles in each relevant jurisdiction.
- (b) To the extent possible, all security shall be given in favour of the Security Agent and not the Secured Parties individually. "Parallel debt" provisions will be used where necessary; such provisions will be contained in the Intercreditor Agreement or the relevant transaction document and not the individual security documents unless required under local laws. To the extent possible, there should be no action required to be taken in relation to the guarantees or security when a Lender transfers any of its participation in the Facilities to a new Lender.
- (c) If any guarantee and/or security is not permitted under the Senior Note Documents (as defined in the Intercreditor Agreement), such guarantee and/or security shall not be required in relation to the Facilities.
- (d) The form of guarantee is set out in Clause 19 (*Guarantee and Indemnity*) of this Agreement and, with respect to any Additional Guarantor incorporated in a jurisdiction in respect of which no limitation language has been agreed before, is subject to any limitations set out in the Accession Deed applicable to such Additional Guarantor.

## 3. TERMS OF SECURITY DOCUMENTS

The following principles will be reflected in the terms of any security taken as part of this transaction:

- (a) the security will be first ranking, to the extent possible;
- (b) security will not be enforceable unless an event of default (howsoever described) has occurred and notice of acceleration has been given by the Creditor Representative under paragraphs (b), (c) or (d) of Clause 24.18 (*Acceleration*) of this Agreement, or any equivalent provision of any other Primary Finance Documents (as defined in the Intercreditor Agreement) (a "**Relevant Acceleration Event**");
- (c) the Security Agent will be entitled, where the relevant Grantor fails to fulfil its obligations under a Transaction Security Document (after the expiry of any applicable grace period), to perfect the Security, where such perfection is contemplated under these principles and the Transaction Security Document;
- (d) the Transaction Security Documents shall only operate to create Security rather than to impose new commercial obligations. Accordingly, they shall not contain additional representations or undertakings (such as in respect of

title, validity, insurance, maintenance of assets, information or the payment of costs) unless the same are required for the creation or perfection of the Security or the assets subject to the Security and shall not operate so as to prevent transactions which are otherwise permitted under the Debt Documents or to require additional consents, authorisations or notifications;

- (e) prior to an Event of Default that has occurred and is continuing (or in the case of Clauses 4 (*Bank Accounts*), 6 (*Insurance Policies*), 7 (*Intellectual Property*) and 9 (*Trade Receivables*) only, prior to a Relevant Acceleration Event), the provisions of each Security Document will not be unduly burdensome on the Grantor or interfere unreasonably with the operation of its business;
- (f) the Security Agent shall only be able to exercise a power of attorney following an Event of Default that has occurred and is continuing (or in the case of Clauses 4 (*Bank Accounts*), 6 (*Insurance Policies*), 7 (*Intellectual Property*) and 9 (*Trade Receivables*) only, after a Relevant Acceleration Event) or if the relevant Grantor has failed to comply with a further assurance or perfection obligation (after the expiry of any applicable grace period);
- (g) Transaction Security Documents, will where possible and practical, automatically create Security over future assets of the same type as those already secured;
- (h) Information, such as lists of assets, will be provided if, in the opinion of counsel to the Lenders, these are required by local law to be provided to perfect or register the security or to ensure the security can be enforced and, unless required to be provided by local law more frequently, in that case be provided annually or, following an Event of Default which is continuing, on the Security Agent's reasonable request **provided that** no such regular information is required to be provided in respect of assets located in the United Kingdom.

#### 4. BANK ACCOUNTS

- (a) If a Grantor grants Security over its bank accounts it shall be free to deal with those accounts in the ordinary course of its business until a Relevant Acceleration Event (or until a later event has occurred as agreed upon in the relevant Transaction Security Document).
- (b) In relation to any bank accounts opened prior to the date of this Agreement, notice of the Security will be served on the account bank after a Relevant Acceleration Event, if so requested by the Security Agent. There will be no restriction on the closure of any bank accounts which are no longer required by the Restricted Group.
- (c) In relation to any bank accounts opened after the date of this Agreement, notice of the Security will be served on the account bank promptly after such bank account is opened and the Grantor shall use reasonable endeavours to obtain an acknowledgement by the account bank, if so requested by the Security Agent.

- (d) Any Security over bank accounts may be subject to any prior security interests in favour of the account bank which are created either by law or in the standard terms and conditions of the account bank.
- (e) No Security shall be taken over monies standing to the credit of a bank account where such money is held on trust for third parties.

## **5. FIXED ASSETS**

- (a) If a Grantor grants Security over its fixed assets it shall be free to deal with those assets in the course of its business until an Event of Default has occurred and is continuing.
- (b) No notice whether to third parties or by attaching a notice to the fixed assets shall be prepared or given until an Event of Default has occurred and is continuing.
- (c) If required under local law Security over fixed assets will be registered subject to the general principles set out in these Agreed Security Principles.

## **6. INSURANCE POLICIES**

- (a) Subject to these Agreed Security Principles, each Grantor shall grant Security over its insurance policies (other than third party liability and public liability insurance) in relation to assets that are also subject to Security. No Security will be granted over any insurance policies which cannot be secured under local law or under the terms of the relevant policy. Insurance claims will be collected by the Grantor in the ordinary course of business until a Relevant Acceleration Event.
- (b) Notice of the Security will be served on the insurance provider after a Relevant Acceleration Event, if so requested by the Security Agent.

## **7. INTELLECTUAL PROPERTY**

- (a) If a Grantor grants Security over its Intellectual Property it shall be free to deal with those assets in the course of its business (including, without limitation, allowing its Intellectual Property to lapse if no longer material to its business and if permitted by this Agreement) until a Relevant Acceleration Event.
- (b) No Security shall be granted over any intellectual property which cannot be secured under the terms of the relevant licensing agreement. No notice shall be prepared or given to any third party from whom intellectual property is licensed until a Relevant Acceleration Event.
- (c) If required under local law, security over Intellectual Property will be registered under the law of that security document or at a relevant supra-national registry (such as the EU) subject to the general principles set out in these Agreed Security Principles.

## **8. INTERCOMPANY RECEIVABLES**

- (a) If a Grantor grants Security over its intercompany receivables from time to time it shall be free to deal with those receivables in the course of its business (subject to the Debt Documents) until an Event of Default has occurred and is continuing.
- (b) Notice of the Security will be served on the intercompany debtor as follows:
  - (i) in the case of an intercompany receivable in excess of £3,000,000 (or its equivalent) after an Event of Default has occurred and is continuing, if so requested by the Security Agent; and
  - (ii) in the case of an intercompany receivable less than £3,000,000 (or its equivalent) after a Relevant Acceleration Event, if so requested by the Security Agent.

## **9. TRADE RECEIVABLES**

- (a) If a Grantor grants Security over its trade receivables it shall be free to deal with those receivables in the course of its business until a Relevant Acceleration Event.
- (b) No notice of Security shall be served on a debtor until a Relevant Acceleration Event, including for the avoidance of doubt, upon the underlying debtors in Portfolio Accounts.
- (c) No Security will be granted over any trade receivables which cannot be secured or assigned under the terms of the relevant contract.
- (d) Nothing contained in the relevant Transaction Security Documents shall cause the Grantor to violate any applicable data protection laws.

## **10. SHARES / PARTNERSHIP INTEREST**

- (a) The Transaction Security Document will be governed by the laws of the person whose shares or partnership interests are being secured and not by the law of the country of the person granting the Security.
- (b) Until an Event of Default has occurred and is continuing, the Grantor will be permitted to retain and to exercise voting rights to any shares or partnership interests pledged by it in a manner which does not materially adversely affect the validity or enforceability of the Security and the company whose shares or partnership interests have been pledged will, subject to the terms of the Debt Documents, as applicable, be permitted to pay dividends (with the proceeds to be available to the recipient).
- (c) Where customary, on or as soon as reasonably practicable after the date of execution of the share pledge (and in any event within the time periods specified in the Transaction Security Documents), the share certificate and a stock transfer form executed in blank will be provided to the Security Agent (as applicable).

- (d) Unless the restriction is required by law, the constitutional documents of the company whose shares or partnership interests have been pledged will be amended to remove any restriction on the transfer or the registration of the transfer of the shares on enforcement of the Security granted over them.

## **11. REAL ESTATE**

- (a) There will be no Security granted over real estate other than (i) real estate which, immediately prior to the date of this Agreement, is charged to secure the Existing Facilities and (ii) after the date of this Agreement, any other real estate acquired by a Debtor subject to these Agreed Security Principles.
- (b) Subject to these Agreed Security Principles, each Grantor shall use its reasonable endeavours to obtain any consent required to grant Security over its real estate but will be under no obligation to obtain such consent if the granting of the Security would contravene any legal prohibition.
- (c) In respect of any real estate security to be granted, there will be no obligation to investigate title, register mortgages with land registries, provide surveys or other insurance or environmental diligence.

## **12. RELEASE OF SECURITY**

Other than release of the Security upon final payment in full of all the obligations secured by the Security (and no Secured Party having any actual or contingent liability to advance further monies to, or incur liabilities on behalf of, any Debtor under the Finance Documents), no circumstances in which the Security shall be released should be dealt with in individual Transaction Security Documents unless required by local law. If so required, such circumstances shall, except to the extent required by local law, be the same as those set out in the Intercreditor Agreement.

**SCHEDULE 14**  
**FORM OF INCREMENTAL FACILITY INCREASE NOTICE**

To: [—] as Agent and [—] as Security Agent

From: [—] as Parent and [the *Incremental Facility Lender*] (the “**Incremental Facility Lender**”)

Dated: [—]

Dear Sirs

**Cabot Financial Holdings Group Limited [£256,500,000] Senior Secured Bridge  
Facilities Agreement dated[—] 2014, as amended and/or restated from time to time (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement [and to the Intercreditor Agreement (as defined in the Facilities Agreement)\*]. This is an Incremental Facility Increase Notice for the purposes of the Facilities Agreement [and a Creditor/Agent Accession Undertaking (as defined in and) for the purposes of the Intercreditor Agreement\*]. Terms defined in the Facilities Agreement have the same meaning when used in this Incremental Facility Increase Notice unless given a different meaning in this Incremental Facility Increase Notice.
2. We refer to Clause 2.3 (*Incremental Increase in Commitments*) of the Facilities Agreement.
3. The Incremental Facility Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the “**Relevant Commitment**”) as if it was an Original Lender under the Facilities Agreement.
4. The proposed date on which [the increase in relation to the Incremental Facility Lender and the Relevant Commitment]/[the Relevant Commitment\*] is to take effect (the “**Incremental Facility Increase Date**”) is [—].
5. The Borrower in respect of the Relevant Commitment is [—].
6. The Availability Period with respect to the Relevant Commitment is the period from and including the date of this Incremental Facility Increase Notice to and including [—].
7. [On the Incremental Facility Increase Date, the Incremental Facility Lender becomes:
  - (a) party to the relevant Finance Documents (other than the Intercreditor Agreement) as a Lender; and
  - (b) party to the Intercreditor Agreement as a Senior Creditor.]



8. [The Facility Office and address, fax number and attention details for notices to the Incremental Facility Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.\*]
9. The Incremental Facility Lender confirms that it is not a Sponsor Affiliate or a member of the Restricted Group.
10. The Incremental Facility Lender confirms (without prejudice to the validity of this Incremental Facility Increase Notice and for the benefit of the Agent and without liability to any Obligor) that it is:
  - (a) [a Qualifying Lender (other than a Treaty Lender);]
  - (b) [a Treaty Lender;]
  - (c) [not a Qualifying Lender]; and
11. The Incremental Facility Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
  - (a) a company resident in the United Kingdom for United Kingdom tax purposes;
  - (b) a partnership each member of which is:
    - (i) a company so resident in the United Kingdom; or
    - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
  - (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.
12. [The Incremental Facility Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number [ ]) and is tax resident in [ ], so that interest payable to it by UK borrowers is generally subject to full exemption from UK withholding tax and request that the Parent notify:
  - (a) each UK Borrower which is a Party as a Borrower as at the Transfer Date; and
  - (b) each Additional Borrower which is a UK Borrower and which becomes an Additional Borrower after the Transfer Date,that it wishes that scheme to apply to this Incremental Facility Increase Notice.]

13. [The Incremental Facility Lender confirms that it [is]/[is not]\* a Non-Acceptable L/C Lender.]
14. [We refer to clause 20.13 (Creditor/Creditor Representative Accession Undertaking) of the Intercreditor Agreement:  
In consideration of the Incremental Facility Lender being accepted as a Senior Creditor for the purposes of the Intercreditor Agreement (and as defined in the Intercreditor Agreement), the Incremental Facility Lender confirms that, as from the Incremental Facility Increase Date, it intends to be party to the Intercreditor Agreement as a Senior Creditor, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Senior Creditor 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. \*]
15. This Incremental Facility Increase Notice 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 Incremental Facility Increase Notice.
16. This Incremental Facility Increase Notice and any non-contractual obligations arising out of or in connection with it are governed by English law.
17. This Incremental Facility Increase Notice has been entered into on the date stated at the beginning of this Incremental Facility Increase Notice.

**Note: The execution of this Incremental Facility Increase Notice may not be sufficient for the Incremental Facility Lender to obtain the benefit of the Transaction Security in all jurisdictions. It is the responsibility of the Incremental Facility Lender to ascertain whether any other documents or other formalities are required to obtain the benefit of the Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

\* *Language to be included in case of a new Lender that is also acceding to the Intercreditor Agreement.*

**THE SCHEDULE**

**Relevant Commitment/rights and obligations to be assumed by the Incremental Facility Lender**

*[insert relevant details]*

*[Facility office address, fax number and attention details for notices and account details for payments]*

[Incremental Facility Lender]

By:

This Agreement is accepted as an Incremental Facility Increase Notice for the purposes of the Facilities Agreement by the Agent and as a Creditor/Agent Accession Undertaking for the purposes of the Intercreditor Agreement by the Security Agent and the Incremental Facility Increase Date is confirmed as [        ].

Agent

By:

Security Agent

By:

**SCHEDULE 15  
EXCLUDED BANK ACCOUNTS**

<b>Company</b>	<b>Bank</b>	<b>Account Number</b>	<b>Description</b>
Apex Credit Management Limited	HSBC Bank plc	404319-02098903	APEX LOMBARD
Apex Credit Management Limited	HSBC Bank plc	404319-02098911	APEX HOME LN
Apex Credit Management Limited	HSBC Bank plc	404319-03664570	APEX CRE SEC
Apex Credit Management Limited	HSBC Bank plc	404319-11894722	APEX COLLECTIONS—DD from Allpay
Apex Credit Management Limited	HSBC Bank plc	404319-22099055	APEX SANTNDR
Apex Credit Management Limited	HSBC Bank plc	404319-22099063	APEX MEM CON
Apex Credit Management Limited	HSBC Bank plc	404319-22099071	APEX RCI FIN
Apex Credit Management Limited	HSBC Bank plc	404319-32039109	APEX FIELD AGENTS COLL
Apex Credit Management Limited	HSBC Bank plc	404319-32039117	APEX BLACK HORSE COLL
Apex Credit Management Limited	HSBC Bank plc	404319-32041154	APEX BOS CLIENT
Apex Credit Management Limited	HSBC Bank plc	404319-32099004	APEX LINK FI
Apex Credit Management Limited	HSBC Bank plc	404319-42098954	APEX HSBC BK

<b>Company</b>	<b>Bank</b>	<b>Account Number</b>	<b>Description</b>
Apex Credit Management Limited	HSBC Bank plc	404319-42098962	APEX CLOSE
Apex Credit Management Limited	HSBC Bank plc	404319-42098970	APEX BMW GRP
Apex Credit Management Limited	HSBC Bank plc	404319-42099101	APEX CONTGNT
Apex Credit Management Limited	HSBC Bank plc	404319-61566121	APEX CREDIT MANAGMNT LTD CREDIT BCA
Apex Credit Management Limited	HSBC Bank plc	404319-62099098	APEX UNITE
Apex Credit Management Limited	HSBC Bank plc	404319-71589857	APEX CREDIT MANAGMNT LTD CLIENT A/C
Apex Credit Management Limited	HSBC Bank plc	404319-72099039	APEX NORTHRN
Apex Credit Management Limited	HSBC Bank plc	404319-72099047	APEX RBS GRP
Apex Credit Management Limited	HSBC Bank plc	404319-73663973	APEX CREDIT OFF BDA
Apex Credit Management Limited	HSBC Bank plc	404319-73664252	Apex Credit Clients Deposit
Apex Credit Management Limited	HSBC Bank plc	404319-82098989	APEX BARCLAY
Apex Credit Management Limited	HSBC Bank plc	404319-82098997	APEX CAP ONE

<b>Company</b>	<b>Bank</b>	<b>Account Number</b>	<b>Description</b>
Apex Credit Management Limited	HSBC Bank plc	404319-82099128	APEX LLOYDS
Apex Credit Management Limited	HSBC Bank plc	404319-92098938	APEX BAN PSA
Apex Credit Management Limited	HSBC Bank plc	404319-92098946	APEX HBOS GP
Apex Credit Management Limited	The Royal Bank of Scotland plc	600001-40440826	HMRC Collections Account
Apex Credit Management Limited	The Royal Bank of Scotland plc	160015-10124932	ACM Stratford Office Client Account
Apex Credit Management Limited	The Royal Bank of Scotland plc	160015-10124940	RBS Trust Account

**SCHEDULE 16**  
**FORM OF EXCHANGE REQUEST**

To: [—]  
as Agent  
  
[Cabot Financial Holdings Group Limited]  
as Borrower

From: [The Lender]

Dated: [—]

**[Cabot Financial Holdings Group Limited]– £[—] Senior Secured Bridge Facilities  
Agreement dated [—] 2014 (the “Facilities Agreement”)**

We refer to the Facilities Agreement. This is an Exchange Request pursuant to Clause (xv) (*Manner of Exchange of Term Loans*) of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this notice unless given a different meaning in this notice.

We confirm as follows:

- (a) our legal name is [ ];
- (b) the Exchange Date for this Exchange Request is [ ], a Business Day not fewer than five Business Days after the date of this Exchange Request;
- (c) the name of the proposed registered Holder of the Exchange Notes to be issued pursuant to this Exchange Request is [ ];
- (d) the principal amount of our participation in the [Facility A Term Loans] to [Facility B Term Loans] be exchanged for [Facility A Exchange Notes] [Facility B Exchange Notes] pursuant to this Exchange Request is [ ], which amount complies with the requirements of Clause (xv) (*Manner of Exchange of Term Loans*) of the Facilities Agreement; and
- (e) the amount of each [Facility A Exchange Notes] [Facility B Exchange Notes] requested hereunder is [ ], which complies with the requirements of Clause (xv) (*Manner of Exchange of Term Loans*) of the Facilities Agreement.

We confirm that:

- (a) we are either (1) an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act, that we are engaged in the business of purchasing and selling securities of entities such as the Borrower or (2) are not a U.S. person (and are not acquiring any Exchange Notes for the account or benefit of a U.S. person) and are acquiring any Exchange Notes pursuant to an offshore transaction pursuant to Regulation S under the Securities Act. We are requesting any Exchange Notes hereunder

for our own account or for one or more accounts (each of which is an institutional “accredited investor” as defined above) as to each of which we exercise sole investment discretion. We are acquiring Exchange Notes solely for investment purposes and not with a view to the resale or distribution of Exchange Notes, except in accordance with U.S. securities laws.

- (b) we have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investing in the Exchange Notes, and we are experienced in investing in capital markets and are able to bear the economic risk of investing in the Exchange Notes.
- (c) an investment in the Exchange Notes involves a high degree of risk, and the Exchange Notes are, therefore, a speculative investment.
- (d) none of the Obligors, the Arrangers, the Agent or any of their respective agents or affiliates has given any investment advice or rendered any opinion to us as to whether an investment in the Exchange Notes is prudent or suitable, and we are not relying on any representation or warranty by the Obligors, the Arrangers, the Agent or any of their respective agents or affiliates.
- (e) we acknowledge that none of the Obligors, the Arrangers, the Agent or any of their respective agents or affiliates has provided, and will not be providing, us with any material regarding the Exchange Notes or the Borrower. We acknowledge that neither the Arrangers nor the Agent are responsible for the contents of any document. We have not requested the Obligors, the Arrangers, the Agent or any of their respective agents or affiliates to provide us with any other information. In addition, we acknowledge that the Agent may facilitate the exchange of information between us and the Borrower, but that such information is not being provided by the Agent. We also acknowledge that, prior to the date hereof, the Borrower has (a) offered us the opportunity to ask questions and receive answers from the Borrower or persons acting on behalf of the Borrower, (b) offered to furnish us with all other materials that we consider relevant to an investment in the Exchange Notes and (c) offered to give us the opportunity fully to perform our own due diligence.
- (f) we have access to all information that we believe is necessary, sufficient or appropriate in connection with our receipt and investment in the Exchange Notes. We have made an independent decision to invest in the Exchange Notes from the Borrower based on the information concerning the business and financial condition of the Borrower and other information available to us, which we have determined is adequate for that purpose, and we have not relied on any information (in any form, whether written or oral) furnished by the Agent or on their behalf in making that decision.
- (g) in making our decision to invest in the Exchange Notes, (a) we have not relied on any investigation that the Agent, or any person acting on their behalf, may have conducted with respect to the Borrower or the Exchange Notes and (b) we have made our own investment decision regarding the Exchange Notes (including, without limitation, the income tax consequences of purchasing, owning or disposing of the Exchange Notes in light of our particular situation



and tax residence(s) as well as any consequences arising under the laws of any taxing jurisdiction) based on our own knowledge (and information we may have or which is publicly available) with respect to the Borrower and the Exchange Notes.

- (h) we acknowledge that the Agent, the Borrower and their respective agents and affiliates may possess material non-public information not known to us regarding or relating to the Borrower or the Exchange Notes, including, but not limited to, information concerning the business, financial condition, results of operations, prospects or restructuring plans of the Borrower. We acknowledge that none of the Agent, the Borrower or any of their respective agents or affiliates has disclosed any material, non-public information to us and we have not requested that any such information be disclosed.

Yours faithfully,

Agent

By:

**The Parent**

**CABOT FINANCIAL LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

Signature page to the Senior Secured Bridge Facilities Agreement

**The Original Borrower**

**CABOT FINANCIAL HOLDINGS GROUP LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

Signature page to the Senior Secured Bridge Facilities Agreement

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**The Original Guarantor**

**CABOT FINANCIAL (LUXEMBOURG) S.A.**

**Duly represented by:**

/s/ Duncan Smith

Name: Duncan Smith

Title: Director

Address: 6, rue Gabriel Lippmann, L-5365, Luxembourg

Fax: +352 26 39 21 45

Signature page to the Senior Secured Bridge Facilities Agreement

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**The Original Guarantor**

**CABOT FINANCIAL LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

Signature page to the Senior Secured Bridge Facilities Agreement

**The Original Guarantor**

**CABOT FINANCIAL HOLDINGS GROUP LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

**The Original Guarantor**

**CABOT CREDIT MANAGEMENT GROUP LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

Signature page to the Senior Secured Bridge Facilities Agreement

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**The Original Guarantor**

**CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799



**The Original Guarantor**

**CABOT FINANCIAL (UK) LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

Signature page to the Senior Secured Bridge Facilities Agreement

**The Original Guarantor**

**CABOT FINANCIAL (EUROPE) LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

**The Original Guarantor**

**FINANCIAL INVESTIGATIONS AND RECOVERIES (EUROPE) LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

Signature page to the Senior Secured Bridge Facilities Agreement

**The Original Guarantor**

**APEX CREDIT MANAGEMENT LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

Signature page to the Senior Secured Bridge Facilities Agreement

CCML

**CABOT CREDIT MANAGEMENT LIMITED**

/s/ Christopher Ross-Roberts

By: Christopher Ross-Roberts

Address: 1 Kings Hill Avenue  
Kings Hill  
West Malling  
Keny  
ME19 4UA  
United Kingdom

Fax: +44 1732 524799

Signature page to the Senior Secured Bridge Facilities Agreement

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**The Arrangers**

**J.P. MORGAN LIMITED**

/s/ Paul Atefi

By: Paul Atefi

Address: JP Morgan, 25 Bank St, London E14 5JP

Fax: 0207 777 3049

---

**The Arrangers**

**DEUTSCHE BANK AG, LONDON BRANCH**

/s/ Anthony Forshaw

/s/ Ludovic Ingelaere

By: Anthony Forshaw (Managing Director)

Ludovic Ingelaere (Director)

Address: 2 Great Winchester Street, EC2N 2DB, London, UK

Fax: + 44(20) 754 74757

Signature page to the Senior Secured Bridge Facilities Agreement

**The Arrangers**

**LLOYDS BANK PLC**

/s/ Nicola Haigh

By: Nicola Haigh

Address: 10 Gresham Street  
London  
EC2V 7AE

Fax: +44 20 7158 3235

Signature page to the Senior Secured Bridge Facilities Agreement



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**The Arrangers**

**THE ROYAL BANK OF SCOTLAND PLC**

/s/ Nathan Stromberg

By: Nathan Stromberg

Address: 135 Bishopsgate, London EC2m 3UR

Fax: +44 20 70 856894

Signature page to the Senior Secured Bridge Facilities Agreement

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**The Arrangers**

**UBS LIMITED**

/s/ Matthew Williams

/s/ Eoghan Harrington

By: Matthew Williams (Director, UBS Investment Bank)

Eoghan Harrington (Managing Director, UBS)

Address:

Fax:

Signature page to the Senior Secured Bridge Facilities Agreement

**The Agent**

**J.P. MORGAN EUROPE LIMITED**

/s/ Belinda Lucas

By: Belinda Lucas (Associate)

Address: Loans Agency, 6<sup>th</sup> Floor  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

Fax: +44 20 7777 2360

Attention: Loans Agency

Signature page to the Senior Secured Bridge Facilities Agreement

**The Security Agent**

**J.P. MORGAN EUROPE LIMITED**

/s/ Belinda Lucas

By: Belinda Lucas (Associate)

Address: Loans Agency, 6<sup>th</sup> Floor  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

Fax: +44 20 7777 2360

Attention: Loans Agency

Signature page to the Senior Secured Bridge Facilities Agreement

---

**The Original Lender**

**DEUTSCHE BANK AG, LONDON BRANCH**

/s/ Anthony Forshaw

/s/ Ludovic Ingelaere

By: Anthony Forshaw (Managing Director)

Ludovic Ingelaere (Director)

Address: 2 Great Winchester Street, EC2N 2DB, London,  
UK

Fax: + 44(20) 754 74757

**The Original Lenders**

**JPMORGAN CHASE BANK N.A., LONDON BRANCH**

/s/ Heather Russell

By: Heather Russell

Address: 25 Bank Street, London E14 5JP

Fax: +44 203 493 0059

Signature page to the Senior Secured Bridge Facilities Agreement

**The Original Lender**

**LLOYDS BANK PLC**

/s/ Nicola Haigh

By: Nicola Haigh

Address: 10 Gresham Street  
London  
EC2V 7AE

Fax: +44 20 7158 3235

Signature page to the Senior Secured Bridge Facilities Agreement

---

**The Original Lender**

**THE ROYAL BANK OF SCOTLAND PLC**

/s/ Nathan Stromberg

By: Nathan Stromberg

Address: 135 Bishopsgate, London, EC2M 3UR

Fax: +44 20 70 856894

Signature page to the Senior Secured Bridge Facilities Agreement



**The Original Lender**

**UBS AG, LONDON BRANCH**

/s/ Matthew Williams

/s/ Eoghan Harrington

By: Matthew Williams

Eoghan Harrington

Address:

Fax:

Signature page to the Senior Secured Bridge Facilities Agreement

**FIRST AMENDMENT TO THE  
ENCORE CAPITAL GROUP, INC.**

**2013 INCENTIVE COMPENSATION PLAN**

WHEREAS, Encore Capital Group, Inc. (the "Company") currently maintains The Encore Capital Group, Inc. 2013 Incentive Compensation Plan (the "Plan"); and

WHEREAS, the Board of Directors of the Company (the "Board") approved the amendment of the Plan, effective February 20, 2014, to prohibit the practice of issuing stock options at an exercise price below fair market value on the date of the grant.

NOW, THEREFORE, by virtue and in exercise of the power reserved to the Board by Section 10.2 of the Plan, the Plan is hereby amended, effective February 20, 2014, as follows:

1. Definitions.

Capitalized terms used but not defined herein shall have the respective meanings assigned thereto in the Plan.

2. Amendment.

Section 9 of the Plan shall be amended by adding a new Section 9.4 to read as follows:

"9.4 Restrictions. Notwithstanding anything contained in the Plan to the contrary, no stock option granted under the Plan shall have an exercise price that is less than the Fair Market Value of a Share of the Common Stock on the date of grant of such stock option."

3. Miscellaneous.

- (a) This amendment has been duly authorized and executed by the Company.
- (b) This amendment shall be construed in accordance with the laws of the State of Delaware, without reference to Delaware's choice of law statutes or decisions.
- (c) Except as specifically amended hereby, the Plan shall remain in full force and effect. In the event the terms of the Plan conflict with this amendment, the terms of this amendment shall control.

IN WITNESS WHEREOF, the Company has caused this amendment to be executed effective as of February 20, 2014.

ENCORE CAPITAL GROUP, INC.

By: /s/ Steve Gonabe  
Steve Gonabe  
Senior Vice President,  
Human Resources

AMENDMENT NO. 3 TO  
AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDMENT NO. 3 TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of February 25, 2014, is entered into by and among ENCORE CAPITAL GROUP, INC., a Delaware corporation (the "Borrower"), the Guarantors identified on the signature pages hereto, the Lenders party hereto, and SUNTRUST BANK, as Administrative Agent (in such capacity, the "Administrative Agent"), Collateral Agent, Swingline Lender and Issuing Bank.

RECITALS

**WHEREAS**, the Borrower, the Lenders and the Administrative Agent are parties to that certain Amended and Restated Credit Agreement dated as of November 5, 2012 (as amended by that certain Amendment No. 1 and Limited Waiver to Amended and Restated Credit Agreement dated as of May 9, 2013, as further amended by that certain Amendment No. 2 to Amended and Restated Credit Agreement dated as of May 29, 2013, as the same may be further amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders have extended revolving credit and term loan facilities to the Borrower;

**WHEREAS**, the Borrower has requested certain amendments to the Credit Agreement set forth herein, and the Administrative Agent, the Collateral Agent, the Swingline Lender, the Issuing Bank and the Lenders have agreed to such requests, subject to the terms and conditions of this Amendment;

**WHEREAS**, the parties hereto desire to have each of UBS AG, Stamford Branch and CTBC Bank Corp. (USA) (collectively, the "New Lenders") become a party to the Credit Agreement in its capacity as a "Lender" and to have all rights, benefits and obligations of a Lender under the Credit Agreement and the other Loan Documents; and

**WHEREAS**, the New Lenders, by executing this Amendment, desire to be joined to the Credit Agreement and become a "Lender" under the Credit Agreement and the other Loan Documents with all of the rights and benefits of a Lender under the Credit Agreement and the other Loan Documents, and be bound by all of the terms and provisions (and subject to all of the obligations) of a Lender under the Credit Agreement and the other Loan Documents;

**NOW, THEREFORE**, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to such terms in the Credit Agreement, as amended by this Amendment.
2. Amendments to Credit Agreement. Subject to the terms and conditions hereof and with effect from and after the Amendment Effective Date (as defined below) the Credit Agreement (including Exhibits and Schedules thereto) shall be amended so that, after giving effect to all such amendments, it reads in its entirety as set forth in Exhibit A as attached hereto.
3. Representations and Warranties. The Borrowers and the Guarantors hereby represent and warrant to the Administrative Agent, the Collateral Agent, the Swingline Lender, the Issuing Bank and the Lenders as follows:

(a) No Default or Event of Default has occurred and is continuing as of the date hereof, nor will any Default or Event of Default exist immediately after giving effect to this Amendment.

(b) The execution, delivery and performance by each Loan Party of this Amendment are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational, and if required, shareholder, partner or member, action. This Amendment has been duly executed and delivered by each Loan Party. Each of this Amendment and the Credit Agreement, as amended hereby, constitute the valid and binding obligations of the Loan Parties, enforceable against them in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(c) The execution and delivery of this Amendment by the Loan Parties, and performance by the Borrower of this Amendment and the Credit Agreement, as amended hereby (i) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (ii) will not violate any organizational documents of, or any law applicable to, any Loan Party or any judgment, order or ruling of any Governmental Authority, (iii) will not violate or result in a default under the Credit Agreement, the Prudential Senior Secured Note Agreement, any Material Indebtedness Agreement, any other material agreement or other material instrument binding on any Loan Party or any of their assets or give rise to a right thereunder to require any payment to be made by any Loan Party, (iv) will not result in the creation or imposition of any Lien on any asset of any Loan Party, except Liens (if any) created under the Loan Documents and/or (v) will not result in a material limitation on any licenses, permits or other governmental approvals applicable to the business, operations or properties of the Loan Parties.

(d) The execution, delivery, performance and effectiveness of this Amendment will not: (i) impair the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the applicable Obligations, whether heretofore or hereafter incurred and (ii) require that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

(e) Without limiting the foregoing, each Loan Party hereby repeats and reaffirms all representations and warranties made by such Loan Party in the Credit Agreement (as amended hereby) and the other Loan Documents to which it is a party on and as of the date hereof with the same force and effect as if such representations and warranties were set forth in this Amendment in full, except to the extent such representations and warranties relate to an earlier date, in which case each Loan Party repeats and reaffirms such representations and warranties as of such date.

#### 4. Effective Date.

(a) This Amendment will become effective on the date on which each of the following conditions has been satisfied (the "Amendment Effective Date") to the satisfaction of the Administrative Agent:

(i) the Administrative Agent shall have received counterparts of this Amendment duly executed by the Loan Parties and the Lenders;

(ii) the Borrower shall have delivered to the Administrative Agent for the benefit of the Lenders duly executed Notes payable to any Lender requesting a new or replacement Note;

(iii) the Loan Parties shall have delivered to the Collateral Agent and the Administrative Agent a duly executed Amendment No. 1 to Amended and Restated Guaranty;

(iv) [reserved];

(v) the Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary of each Loan Party in form and substance satisfactory to the Administrative Agent, (a) certifying that (I) the bylaws, partnership agreement or limited liability company agreement, or comparable organizational documents, as applicable, of such Loan Party previously delivered to the Administrative Agent remain true, correct and complete, have not been amended, modified or rescinded since the date of delivery thereof and remain in full force and effect as of the date hereof and, (II) the articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents, as applicable, of such Loan Party previously delivered to the Administrative Agent remain true, correct and complete, have not been amended, modified or rescinded since the date of delivery thereof and remain in full force and effect as of the date hereof, (b) certifying and attaching (I) resolutions of its board of directors, board of members or general partner, as applicable, authorizing the execution, delivery and performance of this Amendment (and, in the case of the Borrower, the Credit Agreement, as amended hereby) and the other Loan Documents to which it is a party and (II) evidence of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of such Loan Party and each other jurisdiction where such Loan Party is required to be qualified to do business as a foreign entity, and (c) certifying the name, title and true signature of each officer of such Loan Party executing this Amendment and the other Loan Documents to which it is a party;

(vi) the Administrative Agent shall have received a certificate of the Chief Financial Officer of the Borrower that, after giving effect to the amendments contemplated hereby, the Credit Extensions made on the Closing Date (if any), neither the Borrower nor its Subsidiaries will be "insolvent," within the meaning of such term as defined in § 101 of Title 11 of the United States Code, or be unable to pay its debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction, whether current or contemplated;

(vii) the Administrative Agent shall have received a certificate of a Responsible Officer, substantially in form and substance acceptable to Administrative Agent, certifying that (1) before and immediately after giving effect to this Amendment, (a) the representations and warranties contained in Article IV of the Credit Agreement (as amended hereby) are true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, in all respects) on and as of the Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date and (b) no Default or Event of Default exists and is continuing, (2) attached thereto is a revised Schedule 4.14 to the Credit Agreement setting forth the information required under Section 4.14 of the Credit Agreement (as amended hereby), which is a true and correct listing thereof as of the Amendment Effective Date, (3) since December 31, 2012, there has been no event or change which has had or could reasonably be expected to have a Material Adverse Effect, (4) no litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries that (y) purports to enjoin or restrain any Lender from making a Credit Extension under the Credit Agreement (as amended hereby) or (z) could reasonably be expected to have a Material Adverse Effect, (5) there are no consents, approvals, authorizations, registrations or filings or orders required to be made or obtained under any

applicable rule, regulation, judgment, decree or order, or by any contractual obligation of each Loan Party, in connection with the execution, delivery, performance, validity and enforceability of this Amendment or the other Loan Documents (including the Credit Agreement, as amended hereby) or any of the transactions contemplated hereby or thereby, (6) true and correct copies of all agreements, indentures or notes governing the terms of any Material Indebtedness and all other material agreements, documents and instruments to which any Loan Party or any of its assets are bound are attached to the Borrower's public filings with the Securities and Exchange Commission and (7) attached thereto is a true and correct list, accurate as of the date hereof, of all Subsidiaries of the Borrower as of the date hereof, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries and whether such Subsidiary, as of the date hereof, is an Immaterial Subsidiary, an Unrestricted Subsidiary and/or a Restricted Subsidiary;

(viii) the Administrative Agent shall have received the results of a Lien search (including a search as to judgments, pending litigation, tax and intellectual property matters), in form and substance reasonably satisfactory to the Administrative Agent, made against the Loan Parties under the Uniform Commercial Code (or applicable judicial docket) as in effect in each jurisdiction in which filings or recordations under the Uniform Commercial Code should be made to evidence or perfect security interests in all assets of such Loan Party, indicating among other things that the assets of each such Loan Party are free and clear of any Lien (except for Permitted Liens);

(ix) the Administrative Agent shall have received a favorable written opinion of (x) Pillsbury Winthrop Shaw Pittman LLC, counsel to the Loan Parties, and (y) Polsinelli, PC, special Kansas counsel to Midland Credit Management, Inc., each addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, this Amendment, the Loan Documents and the transactions contemplated herein and therein as the Administrative Agent or the Required Lenders shall reasonably request (including enforceability of this Amendment and the Credit Agreement (as amended hereby) attached hereto under New York law);

(x) the Administrative Agent shall have received evidence that all fees, expenses and other amounts owing to the Administrative Agent, SunTrust Robinson Humphrey, Inc. and the Lenders have been paid to the Administrative Agent for distribution to such parties in accordance with that certain engagement letter dated January 13, 2014 executed by SunTrust Robinson Humphrey, Inc. and accepted by the Borrower;

(xi) the Borrower shall have paid all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced at least two (2) Business Days prior to or on the Amendment Effective Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings;

(xii) the Administrative Agent shall have received a certified copy of an amendment to, or an amendment and restatement of, the Prudential Senior Secured Note Agreement duly executed by each party thereto, in form and substance acceptable to the Administrative Agent;

(xiii) the Administrative Agent shall have received (a) copies of audited consolidated financial statements for the Borrower and its Subsidiaries for the three fiscal years of the Borrower most recently ended for which financial statements are available and interim unaudited financial statements for each quarterly period ended since the last audited financial statements for which financial statements are available (provided that the filing of Form 10-K with respect to such fiscal years and Form 10-Q with respect to such quarterly periods by the Borrower on the website of the Securities and Exchange Commission at <http://www.sec.gov> shall satisfy the requirements under this clause (xiii)(a)) and (b) projections prepared by management of the Borrower of balance sheets and income statements of the Borrower and its Subsidiaries, which will be quarterly for the first year after the Closing Date, and balance sheets, income statements and cash flow statements of the Borrower and its Subsidiaries, annually thereafter for the term of the Credit Agreement;

(xiv) the Administrative Agent shall have received a duly completed and executed Compliance Certificate of the Borrower including pro forma calculations establishing compliance with the financial covenants set forth in Article VI of the Credit Agreement (as amended hereby) as of the most recently completed fiscal quarter of the Borrower for which financial statements are available;

(xv) the Administrative Agent shall have received evidence satisfactory to it that at least 60% of all cash collections and other receivables have been deposited with one or more of the Lenders;

(xvi) the Administrative Agent shall have received all information the Administrative Agent and each Lender may request with respect to the Borrower and its Subsidiaries in order to comply with the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) and any other "know your customer" or similar laws or regulations;

(xvii) the Administrative Agent shall have received certificates of insurance issued on behalf of insurers of the Loan Parties, describing in reasonable detail the types and amounts of insurance (property and liability) maintained by the Loan Parties, naming the Collateral Agent as additional insured on liability policies and lender loss payee endorsements for property and casualty policies;

(xviii) the Administrative Agent shall have received a duly executed borrowing notice from the Borrower in form and substance reasonably acceptable to the Administrative Agent with respect to the Term Loan A, Term Loan A-1, Term Loan A-2 and the Revolving Loans to be made or refinanced, as applicable, on the Closing Date.

(xix) the Administrative Agent shall have received such other instruments, documents and certificates as the Administrative Agent shall reasonably request in connection with the execution of this Amendment.

(b) For purposes of determining compliance with the conditions specified in this Section 4, each Lender that has executed this Amendment and delivered it to the Administrative Agent shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document or other matter required under this Section 4 to be consented to or approved by or acceptable or satisfactory to such Lender unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Amendment Effective Date specifying its objection thereto.

(c) From and after the Amendment Effective Date, the Credit Agreement is amended to read in its entirety as set forth on Exhibit A attached hereto. Upon the Amendment Effective Date, all of the Obligations incurred under the Credit Agreement shall, to the extent outstanding on the

Amendment Effective Date, continue to be outstanding under the Credit Agreement, as amended hereby, and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Amendment, and this Amendment shall not constitute a substitution or novation of such Obligations or any of the other rights, duties and obligations of the parties hereunder; provided, that on the Amendment Effective Date, all Eurodollar Loans outstanding shall be refunded with a like amount of Eurodollar Loans as specified by the Borrower in the borrowing notices delivered pursuant to Section 4(a)(xviii) above. In connection with such borrowing notices, the Administrative Agent and each Lender party hereto waives (i) the advance notice requirement under Section 2.3 of the Credit Agreement for Eurodollar Borrowings solely with respect to such Eurodollar Borrowings to be funded on the Amendment Effective Date and (ii) any losses, costs or expenses owing to such Lenders pursuant to Section 2.19 of the Credit Agreement solely as a result of the refunding of any Eurodollar Loans on the Amendment Effective Date. The Administrative Agent, the Lenders and the Borrower acknowledge and agree that (x) Deutsche Bank AG, New York Branch, is making an additional Term Loan A-1 available to the Borrower on the Amendment Effective Date in an amount equal to \$13,125,000, (y) the Aggregate Revolving Commitment is being increased on the Amendment Effective Date to \$692,550,000 and (z) the Revolving Commitment of each of the Lenders (including the New Lenders) shall be as set forth on Schedule II-A.

(d) The Administrative Agent will notify the Borrower and the Lenders of the occurrence of the Amendment Effective Date.

#### 5. Miscellaneous.

(a) Except as herein expressly amended, and except as amended pursuant to the document referenced in Section 4(a)(iii) above, all terms, covenants and provisions of the Credit Agreement and each other Loan Document are and shall remain in full force and effect and all references in any Loan Document to the "Credit Agreement" shall henceforth refer to the Credit Agreement as amended by this Amendment. Nothing in this Amendment or in any of the transactions contemplated hereby (including, without limitation, the refinancing contemplated hereby) is intended, or shall be construed, to constitute a novation or an accord and satisfaction of any of the Obligations of the Borrower under the Credit Agreement or to modify, affect or impair the perfection, priority or continuation of the security interests in, security titles to or other Liens on any Collateral for the Obligations.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns.

(c) THIS AMENDMENT IS SUBJECT TO THE PROVISIONS OF SECTIONS 10.6 AND 10.7 OF THE CREDIT AGREEMENT (AS AMENDED HEREBY) RELATING TO GOVERNING LAW, JURISDICTION AND WAIVER OF RIGHT TO TRIAL BY JURY, THE PROVISIONS OF WHICH ARE BY THIS REFERENCE INCORPORATED HEREIN IN FULL.

(d) This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Subject to Section 4 above, this Amendment shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties required to be a party hereto. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment may not be amended except in accordance with the provisions of Section 10.2 of the Credit Agreement.



(e) If any provision of this Amendment or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Credit Agreement or any of the other Loan Documents, or constitute a course of conduct or dealing among the parties. The Administrative Agent and the Lenders reserve all rights, privileges and remedies under the Loan Documents.

(f) The Borrower shall reimburse the Administrative Agent upon demand for all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment and the other agreements and documents executed and delivered in connection herewith.

(g) In consideration of the amendments contained herein, each of the Loan Parties hereby waives and releases each of the Lenders, the Administrative Agent and the Collateral Agent from any and all claims and defenses, known or unknown as of the date hereof, with respect to the Credit Agreement and the other Loan Documents and the transactions contemplated hereby and thereby.

(h) This Amendment shall constitute a "Loan Document" under and as defined in the Credit Agreement.

(i) Each Lender signatory hereto hereby acknowledges that it has received a copy of Amendment No. 1 to Amended and Restated Guaranty, dated as of even date herewith, by and among the Loan Parties and the Administrative Agent and hereby consents to such amendment.

*[Remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

**ENCORE CAPITAL GROUP, INC.**

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President and Chief Executive Officer

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**SUNTRUST BANK,**  
as Administrative Agent, Collateral Agent, Swingline Lender,  
Issuing Bank and as a Lender

By: /s/ Paula Mueller

Name: Paula Mueller

Title: Director

*Encore Capital Group, Inc.*  
*Signature Pages to Amendment No. 3*

---

**BANK OF AMERICA, N.A.,**  
as Lender

By: /s/ Christopher D. Pannacciulli

Name: Christopher D. Pannacciulli

Title: Senior Vice President

*Encore Capital Group, Inc.*  
*Signature Pages to Amendment No. 3*

**FIFTH THIRD BANK**, as Lender

By: /s/ Greg J. Vollmer

Name: Greg J. Vollmer

Title: Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**ING CAPITAL LLC, as Lender**

By: /s/ Jonathan Banks

Name: Jonathan Banks

Title: Managing Director

By: /s/ Robert D. Miners

Name: Robert D. Miners

Title: Director

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

By: /s/ Kelly Chin

Name: Kelly Chin

Title: Authorized Signatory

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**DEUTSCHE BANK AG, NEW YORK BRANCH, as**  
Lender

By: /s/ Ozan Kaya

Name: Ozan Kaya

Title: Director

By: /s/ Denise Chen

Name: Denise Chen

Title: Vice President

*Encore Capital Group, Inc.*  
*Signature Pages to Amendment No. 3*



By: /s/ Michael G. Powell

Name: Michael G. Powell

Title: Senior Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**CITIBANK, N.A.**, as Lender

By: /s/ Rita Raychaudhuri

Name: Rita Raychaudhuri

Title: Senior Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**BANK LEUMI USA, as Lender**

By: /s/ Alex Menache

Name: Alex Menache

Title: Assistant Treasurer

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**FIRST BANK**, as Lender

By: /s/ Tomas Schmidt

Name: Tomas Schmidt

Title: Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**UNION BANK**, as Lender

By: /s/ Edmund Ozorio

Name: Edmund Ozorio

Title: Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**CATHAY BANK, CALIFORNIA BANKING CORPORATION, as Lender**

By: /s/ Kenneth Xu  
Name: Kenneth Xu  
Title: Assistant Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**CHANG HWA COMMERCIAL BANK, LTD., NEW  
YORK BRANCH, as Lender**

By: /s/ Eric Y.S. Tsai

Name: Eric Y.S. Tsai

Title: V.P. & General Manager

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**MANUFACTURERS BANK**, as Lender

By: /s/ Sandy Lee

Name: Sandy Lee

Title: Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*



**BARCLAYS BANK PLC**, as Lender

By: /s/ Irina Dimova

Name: Irina Dimova

Title: Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**RAYMOND JAMES BANK, N.A.**, as Lender

By: /s/ Alex Rody

Name: Alex Rody

Title: Senior Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**FLAGSTAR BANK**, as Lender

By: /s/ Michael Blackburn

Name: Michael Blackburn

Title: First Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**THE PRIVATEBANK AND TRUST COMPANY, as  
Lender**

By: /s/ Amy Spachner

Name: Amy Spachner

Title: Associate Managing Director

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**RBS CITIZENS, N.A.**, as Lender

By: /s/ M. James Barry, III

Name: M. James Barry III

Title: Senior Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

By: /s/ Chris Duranto

Name: Chris Duranto

Title: Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**UBS AG, STAMFORD BRANCH, as Lender**

By: /s/ Lana Gifas

Name: Lana Gifas

Title: Director

By: /s/ Kenneth Chin

Name: Kenneth Chin

Title: Director

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

**CTBC BANK CORP. (USA)**, as lender

By: /s/ Shahid Kathrada

Name: Shahid Kathrada

Title: First Vice President

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*



Each of the undersigned hereby makes the representations and warranties set forth above in this Amendment, consents to this Amendment and the terms and provisions hereof and hereby (a) confirms and agrees that notwithstanding the effectiveness of such Amendment, each Loan Document to which it is a party and their respective payment, performance and observance obligations and liabilities (whether contingent or otherwise) is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of such Amendment, each reference in the Loan Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by this Amendment, (b) confirms and agrees that the pledge and security interest in the Collateral granted by it pursuant to the Collateral Documents to which it is a party shall continue in full force and effect, and (c) acknowledges and agrees that such pledge and security interest in the Collateral granted by it pursuant to such Collateral Documents shall continue to secure the Obligations purported to be secured thereby, as amended or otherwise affected hereby.

**ENCORE CAPITAL GROUP, INC.**  
**MIDLAND CREDIT MANAGEMENT, INC.**  
**MIDLAND INTERNATIONAL LLC**  
**MIDLAND PORTFOLIO SERVICES, INC.**  
**MIDLAND FUNDING LLC**  
**MRC RECEIVABLES CORPORATION**  
**MIDLAND FUNDING NCC-2 CORPORATION**  
**ASSET ACCEPTANCE CAPITAL CORP.**

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President

**MIDLAND INDIA LLC**

By: /s/ Glen V. Freter  
Name: Glen V. Freter  
Title: Treasurer

**PROPEL ACQUISITION LLC**  
**PROPEL FUNDING LLC**

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: Chief Executive Officer

*Encore Capital Group, Inc.*  
*Signature Pages to Amendment No. 3*

**ASSET ACCEPTANCE RECOVERY  
SERVICES, LLC  
ASSET ACCEPTANCE SOLUTIONS  
GROUP, LLC  
ASSET ACCEPTANCE, LLC  
LEGAL RECOVERY SOLUTIONS, LLC**

By: /s/ Ryan Stanley  
Name: Ryan Stanley  
Title: Vice President and General Manager

*Encore Capital Group, Inc.  
Signature Pages to Amendment No. 3*

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**Exhibit A**

**Amended and Restated Credit Agreement**

See attached.

*Exhibit A to Amendment No. 3*

Exhibit A

**Amended and Restated Credit Agreement**

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**SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

**dated as of February 25, 2014**

**among**

**ENCORE CAPITAL GROUP, INC.**  
as Borrower

**THE LENDERS FROM TIME TO TIME PARTY HERETO**

**and**

**SUNTRUST BANK**  
as Administrative Agent and Collateral Agent

**BANK OF AMERICA, N.A.**  
as Syndication Agent

**FIFTH THIRD BANK  
ING CAPITAL LLC**  
and  
**MORGAN STANLEY SENIOR FUNDING, INC.**  
as Co-Documentation Agents

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**SUNTRUST ROBINSON HUMPHREY, INC.  
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,**  
as Joint Lead Arrangers and Joint Bookrunners

*Exhibit A to Amendment No. 3*

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## **SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

**THIS SECOND AMENDED AND RESTATED AGREEMENT** (this "Agreement") is made and entered into as of February 25, 2014, by and among ENCORE CAPITAL GROUP, INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions and lenders from time to time party hereto (the "Lenders"), and SUNTRUST BANK, in its capacity as administrative agent for the Lenders (the "Administrative Agent"), as collateral agent for the Secured Parties, as issuing bank (the "Issuing Bank") and as swingline lender (the "Swingline Lender").

### **WITNESSETH:**

**WHEREAS**, the Borrower, certain lenders and SunTrust Bank, as the Administrative Agent and Collateral Agent, are parties to that certain Amended and Restated Credit Agreement dated as of November 5, 2012 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement");

**WHEREAS**, the Borrower has requested that the Lenders amend the Existing Credit Agreement to modify certain terms and provisions of the Existing Credit Agreement; and

**WHEREAS**, subject to the terms and conditions of this Agreement, the Administrative Agent, the Collateral Agent, the Lenders, the Issuing Bank and the Swingline Lender are willing to do so;

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants herein contained, the Borrower, the Lenders, the Administrative Agent, the Collateral Agent, the Issuing Bank and the Swingline Lender agree as follows:

## **ARTICLE I**

### **DEFINITIONS; CONSTRUCTION**

#### **Section 1.1. Definitions.**

In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"2010 Prudential Senior Secured Notes" means the 7.75% Senior Secured Notes due September 17, 2017 issued by the Borrower pursuant to the terms of the "Original Agreement" (as defined in the Prudential Senior Secured Note Agreement) in connection with the Prudential Financing described in clause (i) of the definition thereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"2011 Prudential Senior Secured Notes" means the 7.375% Senior Secured Notes due February 10, 2018 issued by the Borrower pursuant to the terms of the "Prior Agreement" (as defined in the Prudential Senior Secured Note Agreement) in connection with the Prudential Financing described in clause (ii) of the definition thereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Accounts” means and includes all of the Borrower’s and each Restricted Subsidiary’s presently existing and hereafter arising or acquired accounts, accounts receivable, and all present and future rights of the Borrower or such Restricted Subsidiary to payment for goods sold or leased or for services rendered (except those evidenced by instruments or chattel paper), whether or not they have been earned by performance, and all rights in any merchandise or goods which any of the same may represent, and all rights, title, security and guarantees with respect to each of the foregoing, including, without limitation, any right of stoppage in transit.

“Acquisition” means any transaction or any series of related transactions, other than a Permitted Restructuring or purchases or acquisitions of Receivables Portfolios in the ordinary course of business, consummated on or after the Closing Date, by which the Borrower or any of its Restricted Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding ownership interests of a partnership or limited liability company of any Person; *provided, however*, that the following shall not be considered an “Acquisition”: (a) any asset purchase consisting solely of Receivables Portfolios, (b) the purchase of equity interests of an entity (1) the assets of which consist solely of Receivables and other Immaterial Assets which are used by such entity in connection with managing such Receivables, (2) which conducts no business other than managing the Receivables held by such entity and (3) which has no Indebtedness, (c) any asset purchase by one or more Subsidiaries of Propel Acquisition LLC consisting solely of Tax Liens and (d) the purchase of equity interests by any Subsidiary of Propel Acquisition LLC of an entity (1) the assets of which consist solely of Tax Liens and other Immaterial Assets which are used by such entity in connection with managing such Tax Liens, (2) which conducts no business other than managing the Tax Liens held by such entity and (3) which has no Indebtedness.

“Additional Lender” shall have the meaning given to such term in Section 2.24(d).

“Additional Term Loan A-1 Commitment” shall mean, with respect to Deutsche Bank AG, New York Branch, the obligation of such Lender to make an additional Term Loan A-1 hereunder on the Closing Date in a principal amount equal to \$13,125,000.

“Adjusted LIBO Rate” shall mean, with respect to each Interest Period for a Eurodollar Borrowing, the greater of (a) the rate per annum obtained by dividing (i) LIBOR for such Interest Period by (ii) a percentage equal to 1.00 *minus* the Eurodollar Reserve Percentage and (b) 0%.

“Adjusted Operating Expenses” means, for any period of determination, total operating expenses related to the portfolio purchasing and recovery business of the Borrower and its Subsidiaries for such period calculated in accordance with Agreement Accounting Principles minus stock-based compensation expense, operating expenses related to non-portfolio purchasing and recovery business (including operating expenses related to the tax lien business of the Borrowers and its Subsidiaries and other non-reportable operating segments, corporate overhead related to the management of such operating segments, and merger and acquisition activities), one-time charges, and acquisition and integration related operating expenses for such period.

“Administrative Agent” shall have the meaning assigned to such term in the opening paragraph hereof, and any successor Administrative Agent appointed pursuant to the terms of this Agreement.

“Administrative Questionnaire” shall mean, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

“Advance Rate” means, for the period commencing on the Prior Closing Date to the first Advance Rate Measurement Date, 33%, and, thereafter, for the period from (but not including) each Advance Rate Measurement Date to the immediately succeeding Advance Rate Measurement Date, the percentage obtained by subtracting from the Advance Rate in effect immediately prior to the first day of such period the difference (the “Cost Differential”, and which may be a positive or negative number) between:

(a) the average Cost to Collect for the most recent four consecutive fiscal quarters (for which financial statements have been delivered in accordance with Section 5.1(a) or Section 5.1(b)) ending on or before such Advance Rate Measurement Date; and

(b) the average Cost to Collect for the most recent four consecutive fiscal quarters (for which financial statements have been delivered in accordance with Section 5.1(a) or Section 5.1(b)) ending on or before the Advance Rate Measurement Date immediately preceding such Advance Rate Measurement Date;

provided that if the resulting Cost Differential includes a fractional amount, the fractional portion thereof shall be ignored when determining the Cost Differential on the applicable Advance Rate Measurement Date but shall be added (or subtracted, as applicable) to the Cost Differential obtained on the following Advance Rate Measurement Date (with any resulting fractional portion again being ignored and added (or subtracted, as applicable) subsequently); provided further that, except as set forth in the immediately following proviso, in no event shall the Advance Rate ever be lower than 30% or higher than 35% and provided further that the Advance Rate to be applied with respect to the Estimated Remaining Collections from Debtor Receivables shall in all events be 55%. The Borrower shall set forth in reasonable detail the calculations of the Advance Rate on the Borrowing Base Certificate when delivered in accordance with the terms of this Agreement.

“Advance Rate Measurement Date” means each date on which the Borrower’s financial statements required to be delivered pursuant to Section 5.1(a) or Section 5.1(b) have been delivered.

“Affiliate” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person is the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) of 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of voting securities, by contract or otherwise.

“Agents” means the Administrative Agent and the Collateral Agent.

“Aggregate Revolving Commitment” means the aggregate principal amount of the Revolving Commitments of all the Lenders, as may be increased or reduced from time to time pursuant to the terms hereof. The Aggregate Revolving Commitment as of the Closing Date is \$692,550,000.

“Aggregate Revolving Credit Exposure” means, at any time, the aggregate of the outstanding Revolving Credit Exposure of all the Lenders.

“Agreement” means this Credit Agreement, as it may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

“Agreement Accounting Principles” means generally accepted accounting principles as in effect in the United States from time to time, applied in a manner consistent with that used in preparing the financial statements of the Borrower referred to in Section 4.4.

“Amortized Collections” means, for any period, the aggregate amount of collections from receivable portfolios (including that portion attributable to sales of receivables) of the Borrower and its Restricted Subsidiaries (including Propel Acquisition LLC and its Restricted Subsidiaries with respect to receivables secured by tax liens) calculated on a consolidated basis for such period, in accordance with Agreement Accounting Principles, that are not included in consolidated revenues by reason of the application of such collections to principal of such receivable portfolios (for purposes of illustration only, the Amortized Collections have been most recently identified in the amount of (i) \$534,654,000 as the “Amount applied to principal on receivable portfolios” in the Borrower’s Non-GAAP Disclosure section of Management Discussion & Analysis plus (ii) \$70,573,000 as the “Collections applied to receivables secured by tax liens” in the Borrower’s Consolidated Statement of Cash Flows, in each case, for the period ended December 31, 2013 as reflected in the Borrower’s Form 10-K for such period).

“Applicable Lending Office” shall mean, for each Lender and for each Type of Loan, the lending office of such Lender (or an Affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office by which its Loans of such Type are to be made and maintained.

“Applicable Margin” shall mean (a) with respect to interest on all Revolving Loans, Term Loan A and Term Loan A-2 outstanding on such date, a percentage per annum determined by reference to the applicable Cash Flow Leverage Ratio in effect on such date as set forth on Schedule I-A and (b) with respect to interest on Term Loan A-1 outstanding on such date, a percentage per annum determined by reference to the applicable Cash Flow Leverage Ratio in effect on such date as set forth on Schedule I-B; provided, that a change in the Applicable Margin resulting from a change in the Cash Flow Leverage Ratio shall be effective on the second Business Day after the date on which the Borrower delivers the financial statements required by Section 5.1(a) or (b) and the Compliance Certificate required by Section 5.1(c); provided further, that if at any time the Borrower shall have failed to deliver such financial statements and such Compliance Certificate when so required, the Applicable Margin shall be at Level III as set forth on Schedule I-A and Schedule I-B, respectively, until such time as such financial statements and Compliance Certificate are delivered, at which time the Applicable Margin shall be determined as provided above. Notwithstanding the foregoing, the Applicable Margin from the Closing Date until the financial statements and Compliance Certificate for the Fiscal Quarter ending September 30, 2012 are required to be delivered shall be at Level II as set forth on Schedule I-A and Schedule I-B, respectively.

“Applicable Percentage” shall mean, as of any date, with respect to the commitment fee as of such date, the percentage per annum determined by reference to the applicable Cash Flow Leverage Ratio in effect on such date as set forth on Schedule I-A; provided, that a change in the Applicable Percentage resulting from a change in the Cash Flow Leverage Ratio shall be effective on the second Business Day after the date on which the Borrower delivers the financial statements required by Section 5.1(a) or (b) and the Compliance Certificate required by Section 5.1(c); provided further, that if at any time the Borrower shall have failed to deliver such financial statements and such Compliance Certificate when so required, the Applicable Percentage shall be at Level III as set forth on Schedule I-A until such time as such financial statements and Compliance Certificate are delivered, at which time the Applicable Percentage shall be determined as provided above. Notwithstanding the foregoing, the Applicable Percentage for the commitment fee from the Closing Date until the financial statements and Compliance Certificate for the Fiscal Quarter ending September 30, 2012 are required to be delivered shall be at Level II as set forth on Schedule I-A.

“Applicable Pledge Percentage” means 100%, but 65% in the case of a pledge of capital stock of a Foreign Subsidiary to the extent a 100% pledge would cause a Deemed Dividend Problem or a Financial Assistance Problem.

“Applicable Revolver Percentage” means with respect to any Lender holding Revolving Commitments, the percentage of the total Revolving Commitments represented by such Lender’s Revolving Commitment. If the Revolving Commitments have terminated or expired, the Applicable Revolver Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

“Approved Fund” shall mean any Person (other than a natural Person) that (a) is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and (b) is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” shall mean, collectively, SunTrust Robinson Humphrey, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, in their capacities as joint lead arrangers.

“Asset Sale” means, with respect to the Borrower or any Restricted Subsidiary, the sale, lease, conveyance, disposition or other transfer by such Person of any of its assets (including by way of a Sale and Leaseback Transaction, and including the sale or other transfer of any of the capital stock or other equity interests of such Person or any Restricted Subsidiary of such Person) to any Person other than the Borrower or any of its Wholly-Owned Subsidiaries other than (i) the sale of Receivables in the ordinary course of business (so long as, after giving effect to each such sale, the Borrower makes the required prepayments and/or reinvestment of proceeds required under Section 2.12(a)), (ii) the sale or other disposition of any obsolete, excess, damaged or worn-out Equipment disposed of in the ordinary course of business, (iii) leases of assets in the ordinary course of business consistent with past practice and (iv) from and after the Closing Date, sales or dispositions of assets outside the ordinary course of business with an aggregate fair market value not to exceed \$20,000,000.

“Assignment and Acceptance” shall mean an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.4(b)) and accepted by the Administrative Agent, in the form of Exhibit A attached hereto or any other form approved by the Administrative Agent.

“Authorized Officer” means any of the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Treasurer, Assistant Treasurer or Controller of the Borrower, or such other officer of the Borrower as may be designated by the Borrower in writing to the Administrative Agent from time to time, acting singly.

“Availability Period” shall mean the period from the Closing Date to the Revolving Commitment Termination Date.

“Banking Services” means each and any of the following bank services provided to the Borrower or any of its Restricted Subsidiaries by any Lender or any of its Affiliates: (a) commercial credit cards, (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

“Banking Services Agreement” means any agreement entered into by the Borrower or any of its Restricted Subsidiaries in connection with Banking Services.

“Banking Services Obligations” means any and all obligations of the Borrower or any of its Restricted Subsidiaries, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

“Base Rate” shall mean the highest of (i) the per annum rate which the Administrative Agent publicly announces from time to time as its prime lending rate, as in effect from time to time, (ii) the Federal Funds Rate, as in effect from time to time, *plus* one-half of one percent (0.50%) per annum, (iii) the Adjusted LIBO Rate determined on a daily basis for an Interest Period of one (1) month, *plus* one percent (1.00%) per annum and (iv) zero. The

Administrative Agent's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above or below the Administrative Agent's prime lending rate. Each change in any of the rates described above in this definition shall be effective from and including the date such change is announced as being effective.

"Blocked Propel Subsidiary." shall mean any Subsidiary of Propel Acquisition LLC which is subject to any of the encumbrances or restrictions described in Section 7.8.

"Borrower" shall have the meaning in the introductory paragraph hereof.

"Borrowing" shall mean a borrowing consisting of (i) Loans of the same Class and Type, made, converted or continued on the same date and in the case of Eurodollar Loans, as to which a single Interest Period is in effect, or (ii) a Swingline Loan.

"Borrowing Base" means, as of any date of calculation, an amount, as set forth on the most current Borrowing Base Certificate delivered to the Administrative Agent on or prior to such date, equal to (i) the lesser of (1) the Advance Rate of Estimated Remaining Collections (exclusive of any Receivables in any Receivables Portfolio that are not Eligible Receivables) as of the last day of the month for which such Borrowing Base Certificate was provided and (2) the product of the net book value of all Receivables Portfolios acquired by any Loan Party on or after January 1, 2005 multiplied by 95%, minus (ii) the sum of (x) the aggregate principal amount outstanding in respect of the Prudential Senior Secured Notes plus (y) the aggregate principal amount outstanding in respect of the Term Loans (it being understood that the Borrowing Base Certificate provided on the date of any Credit Extension may include, on a pro forma basis, the Receivables Portfolio(s) being acquired in connection with such Credit Extension); provided, however, that, for purposes of calculating the amount specified in clause (1) above (the "Total ERC Amount"), the Advance Rate of Estimated Remaining Collections attributable to Debtor Receivables shall not at any time exceed an amount equal 35% of the Total ERC Amount (without regard to this proviso).

"Borrowing Base Certificate" means a certificate, in substantially the form of Exhibit B, setting forth the Borrowing Base and the component calculations thereof.

"Business Day." shall mean (i) any day other than a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia are authorized or required by law to close and (ii) if such day relates to a Borrowing of, a payment or prepayment of principal or interest on, a conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice with respect to any of the foregoing, any day on which banks are open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Restricted Subsidiaries prepared in accordance with Agreement Accounting Principles, but excluding, solely for the fiscal year of the Borrower in which each Acquisition is consummated, any such expenditures of any Person or business acquired pursuant to such Acquisition.



“Capital Lease” of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“Capitalized Lease Obligations” of a Person means the amount of the obligations of such Person under Capital Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“Cash Collateralize” shall mean, in respect of any obligations, to provide and pledge (as a first priority perfected security interest) to the Administrative Agent for the benefit of the holder or beneficiary of such obligations cash collateral for such obligations in Dollars (in amounts, unless otherwise specified herein, equal to 100% of face amount or stated amount such obligations), with a depository institution (which may include the Administrative Agent), and pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent.

“Cash Equivalent Investments” means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody’s, (iii) demand deposit accounts maintained in the ordinary course of business and (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000; provided in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

“Cash Flow Leverage Ratio” shall have the meaning specified in Section 6.1.

“Change in Law” shall mean (i) the adoption of any applicable law, rule or regulation after the date of this Agreement, (ii) any change in any applicable law, rule or regulation, or any change in the interpretation, implementation or application thereof, by any Governmental Authority after the date of this Agreement, or (iii) compliance by any Lender (or its Applicable Lending Office) or the Issuing Bank (or for purposes of Section 2.18, by the parent corporation of such Lender or the Issuing Bank, if applicable) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided, however, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) 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 or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means: (i) the acquisition by any Person, or two or more Persons acting in concert (other than Red Mountain Capital Partners LLC, JCF FPK I LP or any affiliate thereof), of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission of the United States (the “SEC”) under the Exchange Act) of 30% or more of the outstanding shares of voting stock of the Borrower; (ii) other than pursuant to a

transaction permitted hereunder, the Borrower shall cease to own, directly or indirectly and free and clear of all Liens or other encumbrances, all of the outstanding shares of voting stock of the Guarantors on a fully diluted basis; (iii) the majority of the Board of Directors of the Borrower fails to consist of Continuing Directors; or (iv) the acquisition by Red Mountain Capital Partners LLC, JCF FPK I LP and/or any affiliate of either of them and/or any other Persons acting in concert with any of the foregoing Persons described in this clause (iv) of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act) of greater than 50% of the outstanding shares of voting stock of the Borrower. No Permitted Restructuring shall constitute a Change of Control.

“Class”, when used in reference to (a) any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Extended Revolving Loans, Swingline Loans, Term Loan A, Term Loan A-1, Term Loan A-2, Incremental Term Loans or Extended Term Loans and (b) any Commitment, refers to whether such Commitment is a Revolving Commitment, Incremental Revolving Commitment, Extended Revolving Commitment, a Swingline Commitment, a Term Loan A Commitment, Term Loan A-1 Commitment or Additional Term Loan A-1 Commitment.

“Closing Date” shall mean the date on which all of the conditions set forth in Section 4 of that certain Amendment No. 3 to Amended and Restated Credit Agreement dated as of the date hereof among the Borrower, the Guarantors, the Lenders party thereto and SunTrust Bank, as Administrative Agent, Collateral Agent, Swingline Lender and Issuing Bank, shall have been satisfied.

“Code” shall mean the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time, and any rule or regulation issued thereunder.

“Collateral” means all Property and interests in Property now owned or hereafter acquired by the Borrower or any of its Restricted Subsidiaries in or upon which a security interest, lien or mortgage is granted (or is required to be granted pursuant to the terms hereof) in favor of the Collateral Agent pursuant to the Collateral Documents, on behalf of itself and the Secured Parties, to secure the Secured Obligations.

“Collateral Agent” means SunTrust Bank in its capacity as Collateral Agent for the Secured Parties and any successor Collateral Agent appointed pursuant to the terms of the Intercreditor Agreement.

“Collateral Documents” means all agreements, instruments and documents executed in connection with this Agreement that are intended to create or evidence Liens to secure the Secured Obligations, including, without limitation, the Pledge and Security Agreement, the Intellectual Property Security Agreements, the Mortgages and all other security agreements, mortgages, deeds of trust, loan agreements, notes, guarantees, subordination agreements, pledges, powers of attorney, consents, assignments, contracts, fee letters, notices, leases, financing statements and all other written matter whether heretofore, now, or hereafter executed by the Borrower or any of its Restricted Subsidiaries and delivered to the Collateral Agent, on behalf of itself and the Secured Parties, to secure the Secured Obligations.

“Collateral Shortfall Amount” is defined in Section 8.2.

“Commitment” shall mean a Revolving Commitment, an Extended Revolving Commitment, an Incremental Revolving Commitment, a Swingline Commitment or a Term Loan A Commitment, a Term Loan A-1 Commitment, an Additional Term Loan A-1 Commitment or any combination thereof (as the context shall permit or require).

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Compliance Certificate” shall mean a certificate from the chief financial officer or treasurer of the Borrower and containing the certifications set forth in Section 5.1(c).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated EBIT” means Consolidated Net Income plus, to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense (whether actual or contingent), (ii) expense for taxes paid or accrued and (iii) any extraordinary losses minus, to the extent included in Consolidated Net Income, (a) interest income, (b) any extraordinary gains, (c) the income of any Person (1) in which any Person other than the Borrower or any of its Restricted Subsidiaries has a joint interest or a partnership interest or other ownership interest and (2) to the extent the Borrower or any of its Restricted Subsidiaries does not control the Board of Directors or other governing body of such Person or otherwise does not control the declaration of a dividend or other distribution by such Person, except in each case to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of its Restricted Subsidiaries by such Person during the relevant period and (d) the income of any Restricted Subsidiary of the Borrower to the extent that the declaration or payment of dividends or distributions (including via intercompany advances or other intercompany transactions but in each case up to and not exceeding the amount of such income) by that Restricted Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary, all calculated for the Borrower and its Restricted Subsidiaries on a consolidated basis.

“Consolidated EBITDA” means Consolidated Net Income plus, (1) to the extent not included in such revenue, Amortized Collections, and (2) to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense (whether actual or contingent), (ii) expense for taxes paid or accrued, (iii) depreciation expense, (iv) amortization expense, (v) any extraordinary losses, and (vi) non-cash charges arising from compensation expense as a result of the adoption of amendments to Agreement Accounting Principles requiring certain stock based compensation to be recorded as an expense within the Borrower’s consolidated statement of operations, minus, to the extent included in Consolidated Net Income, (a) interest income, (b) any extraordinary gains, (c) the income of any Person (1) in which any Person other than the Borrower or any of

its Restricted Subsidiaries has a joint interest or a partnership interest or other ownership interest and (2) to the extent the Borrower or any of its Restricted Subsidiaries does not control the Board of Directors or other governing body of such Person or otherwise does not control the declaration of a dividend or other distribution by such Person, except in each case to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of its Restricted Subsidiaries by such Person during the relevant period and (d) the income of any Restricted Subsidiary of the Borrower to the extent that the declaration or payment of dividends or distributions (including via intercompany advances or other intercompany transactions but in each case up to and not exceeding the amount of such income) by that Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary, all calculated for the Borrower and its Restricted Subsidiaries on a consolidated basis.

“Consolidated Funded Indebtedness” means at any time the aggregate dollar amount of Consolidated Indebtedness which has actually been funded and is outstanding at such time, whether or not such amount is due or payable at such time.

“Consolidated Indebtedness” means, at any time, the Indebtedness of the Borrower and its Restricted Subsidiaries that would be reflected on a consolidated balance sheet of Borrower prepared in accordance with Agreement Accounting Principles as of such time.

“Consolidated Interest Expense” means, with reference to any period, the interest expense and contingent interest expense of the Borrower and its Restricted Subsidiaries (including that portion attributable to Capital Leases) calculated on a consolidated basis for such period, in accordance with Agreement Accounting Principles.

“Consolidated Net Income” means, with reference to any period, the net income (or loss) of the Borrower and its Restricted Subsidiaries calculated on a consolidated basis for such period in accordance with Agreement Accounting Principles. For the avoidance of doubt, Consolidated Net Income shall exclude any and all income and other amounts attributable to any Unrestricted Subsidiary (other than the amount of any cash dividends or other cash distributions actually paid during the reference period to the Borrower or any of its Restricted Subsidiaries by an Unrestricted Subsidiary).

“Consolidated Net Worth” means at any time, with respect to any Person, the consolidated stockholders’ equity of such Person and its Restricted Subsidiaries calculated on a consolidated basis in accordance with Agreement Accounting Principles.

“Consolidated Rentals” means, with reference to any period, the Rentals of the Borrower and its Restricted Subsidiaries calculated on a consolidated basis for such period in accordance with Agreement Accounting Principles.

“Consolidated Tangible Assets” means Consolidated Total Assets *minus* any Intangible Assets.

“Consolidated Total Assets” means the total assets of the Borrower and its Restricted Subsidiaries calculated on a consolidated basis in accordance with Agreement Accounting Principles.

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership.

“Continuing Director” means, with respect to any Person as of any date of determination, any member of the board of directors of such Person who (i) was a member of such board of directors on the Closing Date, or (ii) was nominated for election or elected to such board of directors with the approval of the required majority of the Continuing Directors who were members of such board at the time of such nomination or election.

“Controlled Group” means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

“Cost To Collect” means, with respect to any period of determination, the ratio (expressed as a percentage) of Adjusted Operating Expenses for such period divided by the amount of domestic cash collections related to the portfolio purchasing and recovery business of the Borrower and its Restricted Subsidiaries during such period.

“Credit Extension” means the making of a Loan or the issuance of a Letter of Credit hereunder (including the deemed issuance of Existing Letters of Credit on the Closing Date).

“Debtor Receivable” means a Receivable the obligor on which is subject to a proceeding under the Bankruptcy Code of the United States of America.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, 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.

“Deemed Dividend Problem” means, with respect to any Foreign Subsidiary, such Foreign Subsidiary’s accumulated and undistributed earnings and profits being deemed to be repatriated to the Borrower or the applicable parent Domestic Subsidiary for U.S. federal income tax purposes and the effect of such repatriation causing adverse tax consequences to the Borrower or such parent Domestic Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

“Default” shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Default Interest” shall have the meaning set forth in Section 2.13(c).

“Defaulting Lender” shall mean, subject to Section 2.23(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the Issuing Bank, any Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two (2) Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent or the Issuing Bank or Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Laws, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that, for the avoidance of doubt, a Lender shall not be a Defaulting Lender solely by virtue of (i) the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority or (ii) in the case of a solvent Person, the precautionary appointment of an administrator, guardian, custodian or other similar official by a Governmental Authority under or based on the law of the country where such Person is subject to home jurisdiction supervision if applicable law requires that such appointment not be publicly disclosed in any such case, where such ownership or action does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.23(b)) upon delivery of written notice of such determination to the Borrower, the Issuing Bank, each Swingline Lender and each Lender.

“Disqualified Stock” means any capital stock or other equity interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the Revolving Loan Termination Date.

“Dollar(s)” and the sign “\$” shall mean lawful money of the United States of America.

“Domestic Subsidiary” means any Restricted Subsidiary of any Person organized under the laws of a jurisdiction located in the United States of America.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 10.4(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 10.4(b)(iii)).

“Eligible Receivables” of any Loan Party shall mean, as of any date of determination, (i) Receivables owned by a Loan Party as of the Closing Date, which Receivables were included in the Borrowing Base under the Existing Credit Agreement as of the Closing Date and (ii) Receivables purchased by a Loan Party on or after the Closing Date to the extent such Receivable is owned, or to be purchased by such Loan Party by applying the proceeds of a Credit Extension within five (5) Business Days of the making of such Credit Extension, and in the case of both (i) and (ii) that is payable in Dollars and in which the Collateral Agent has, or upon purchase by such Loan Party, will have, for the benefit of the Secured Parties, a first-priority perfected security interest pursuant to the Collateral Documents, other than any such Receivable:

(a) that is not an existing obligation for which sufficient consideration has been given;

(b) with respect to which such Loan Party does not (or will not, upon the closing of the relevant purchase thereof) have good and marketable title pursuant to a legal, valid and binding bill of sale or purchase agreement entered into by such Loan Party or assignment to such Loan Party;

(c) that has been repurchased by, or returned or put-back to, the Person from whom such Loan Party acquired such Receivable and such Receivable has not subsequently been replaced with a new Receivable of at least comparable value acquired from such Person;

(d) all or any portion of which is subject to any Lien (except the Lien in favor of the Collateral Agent under the Collateral Documents);

(e) that is due from or has been originated by any Restricted Subsidiary or Encore Affiliate;

(f) that is not a type of collateral for which a security interest can be perfected by filing pursuant to Article 9 of the Uniform Commercial Code as then in effect in the State of New York; and

(g) that is owed by (i) the government (or any department, agency, public corporation, or instrumentality thereof) of any country other than the United States of America unless such Receivable is backed by a Letter of Credit acceptable to the Administrative Agent which is in the possession of the Collateral Agent or (ii) the government of the United States of America, or any department, agency, public corporation, or instrumentality or any agency or instrumentality thereof, including any agency or instrumentality which is obligated to make payment with respect to Medicare, Medicaid or other Receivables representing amounts owing under any other program established by federal, State, county, municipal or other local law which requires that payments for healthcare services be made to the provider of such services in order to comply with any applicable “anti-assignment” provisions, provider agreement or federal, State, county, municipal or other local law, rule or regulation.

“Encore Affiliate” means any Person directly or indirectly controlling, controlled by or under common control with the Borrower. A Person shall be deemed to control another Person if the controlling Person is the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) of 10% or more of any class of voting securities (or other ownership interests) of the controlled Person *and* possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of voting securities, by contract or otherwise.

“Environmental Laws” means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

“Equipment” means all of the Borrower’s and each Restricted Subsidiary’s present and future (i) equipment, including, without limitation, machinery, manufacturing, distribution, data processing and office equipment, assembly systems, tools, molds, dies, fixtures, appliances, furniture, furnishings, vehicles, vessels, aircraft, aircraft engines, and trade fixtures, (ii) other tangible personal property (other than inventory), and (iii) any and all accessions, parts and appurtenances attached to any of the foregoing or used in connection therewith, and any substitutions therefor and replacements, products and proceeds thereof.

“Equipment Financing Transactions” means the secured equipment financing arrangements entered into by any Loan Party in the ordinary course of business from time to time.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute including any regulations promulgated thereunder.

“Estimated Remaining Collections” means, as of any date, the aggregate amount of gross remaining cash collections which any Loan Party anticipates to receive from a Receivables Portfolio of a Loan Party or as otherwise referred to by the Borrower as the total amount of “Estimated Remaining Gross Collections”, determined and reported by the Borrower



pursuant to its financial statements and other reporting to the Lenders as described in Section 5.1 (it being understood and agreed that (i) such amount shall be calculated by the Borrower in accordance with Agreement Accounting Principles and in a manner consistent with the Borrower's past practice and with the methodology used in the reporting of Estimated Remaining Collections in the Borrower's public filings with the Securities and Exchange Commission, (ii) the manner and method of computing Estimated Remaining Collections and all assumptions made in connection therewith shall be explained to each Lender in reasonably full detail upon such Lender's request and (iii) any deviation from the current method and assumptions used in computing Estimated Remaining Collections are subject to approval by the Supermajority Lenders in their discretion).

"Eurodollar" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

"Eurodollar Reserve Percentage" shall mean the aggregate of the maximum reserve percentages (including, without limitation, any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upwards to the next 1/100th of 1%) in effect on any day to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate pursuant to regulations issued by the Board of Governors of the Federal Reserve System (or any Governmental Authority succeeding to any of its principal functions) with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities" under Regulation D). Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D. The Eurodollar Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Event of Default" shall have the meaning provided in ARTICLE VIII.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"Excluded Subsidiaries" means each Unrestricted Subsidiary. "Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guaranty obligations under the Guaranty Agreement of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the guarantee obligations of such Guarantor, or the grant by such Guarantor of the security interest under the Pledge and Security Agreement, becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty obligation or security interest is or becomes illegal.

“Excluded Taxes” shall mean 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 (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.27) or (ii) such Lender changes its Applicable Lending Office, except in each case to the extent that, pursuant to Section 2.20, 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 Applicable Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.20(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

“Existing Credit Agreement” shall have the meaning assigned to such term in the first recital hereof.

“Existing Financing Arrangements” means financing arrangements of the Borrower or any Restricted Subsidiary (other than the transactions under the Loan Documents and the Equipment Financing Transactions) in effect on the Closing Date, including without limitation under the Existing Credit Agreement.

“Existing Letters of Credit” means the letters of credit issued and outstanding under the Existing Credit Agreement as set forth on Schedule 2.22.

“Existing Revolving Commitment Termination Date” shall mean the earliest of (i) November 3, 2017, (ii) the date on which the Revolving Commitments are terminated pursuant to Section 2.9 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

“Extended Revolving Commitment” has the meaning assigned to such term in Section 2.25(a).

“Extended Revolving Loan” shall mean the Revolving Loans of any Lender that agrees to an extension of such Revolving Loans pursuant to an Extension.

“Extended Term Loans” has the meaning assigned to such term in Section 2.25(a).

“Extending Lender” means (i) a Lender with a Revolving Commitment that terminates on the Revolving Commitment Termination Date, and its successors and assigns and (ii) a Lender with a Term Loan A-2 that matures on the Term Loan A-2 Maturity Date, and its successors and assigns. The Extending Lenders as of the Closing Date, together with the amount of their respective Revolving Commitments and the outstanding principal amount of the Term Loan A-2 held by them on the Closing Date, are identified as such on Schedule III.

“Extending Term Lender” has the meaning assigned to such term in Section 2.25(a).

“Extension” has the meaning assigned to such term in Section 2.25(a).

“Extension Offer” has the meaning assigned to such term in Section 2.25(a).

“Facility” shall mean, individually, each of the Term Loan Facility and the Revolving Facility and the Term Loan Facility and the Revolving Facility are collectively referred to herein as the “Facilities”.

“Fair Market Value” shall mean, with respect to any asset or group of assets on any date of determination, the price in cash obtainable in a sale of such asset at such date of determination assuming a sale by a willing seller to a willing purchaser dealing at arm’s length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, as reasonably determined in good faith by the Borrower.

“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) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 147(b)(1) of the Code.

“Fee Letter” shall mean that certain fee letter, dated as of September 7, 2012, executed by SunTrust Robinson Humphrey, Inc. and SunTrust Bank and accepted by the Borrower.

“Federal Funds Rate” shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the next 1/100<sup>th</sup> of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average rounded upwards, if necessary, to the next 1/100<sup>th</sup> of 1% 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 Assistance Problem” means, with respect to any Foreign Subsidiary, the inability of such Foreign Subsidiary to become a Guarantor or to permit its capital stock from being pledged pursuant to a pledge agreement on account of legal or financial limitations imposed by the jurisdiction of organization of such Foreign Subsidiary or other relevant jurisdictions having authority over such Foreign Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

“Financial Contract” of a Person means (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics or (ii) any Rate Management Transaction; *provided* that any Permitted Indebtedness Hedge shall not be a Financial Contract so long as such Permitted Indebtedness Hedge relates to capital stock of Borrower.

“First Tier Foreign Subsidiary” means each Foreign Subsidiary with respect to which any one or more of the Borrower and its Domestic Subsidiaries directly owns or controls more than 50% of such Foreign Subsidiary’s issued and outstanding equity interests.

“Foreign Lender” shall mean (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

“Foreign Subsidiary” means any Restricted Subsidiary of any Person which is not a Domestic Subsidiary of such Person.

“Fronting Exposure” shall mean, at any time there is a Defaulting Lender, (a) with respect to any Issuing Bank, such Defaulting Lender’s LC Exposure with respect to Letters of Credit issued by the Issuing Bank other than LC Exposure as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swingline Lender, such Defaulting Lender’s Swingline Exposure other than Swingline Exposure as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

“Governmental Authority” means any nation or government, any foreign, federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government including any central bank or any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank.

“Guarantor” means each Restricted Subsidiary of the Borrower which is a party to the Guaranty Agreement, including each Restricted Subsidiary of the Borrower which becomes a party to the Guaranty Agreement pursuant to a joinder or other supplement thereto, including in connection with a requirement to become a Guarantor pursuant to the terms hereof.

“Guaranty Agreement” means the Amended and Restated Guaranty Agreement, dated as of the Prior Closing Date, made by the Guarantors in favor of the Administrative Agent for the benefit of the Holders of Obligations, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Holders of Obligations” means the holders of the Obligations from time to time and shall refer to (i) each Lender in respect of its Loans, (ii) the Issuing Bank in respect of Reimbursement Obligations, (iii) the Administrative Agent, the Lenders and the Issuing Bank in respect of all other present and future obligations and liabilities of the Borrower or any of its Domestic Subsidiaries of every type and description arising under or in connection with this Agreement or any other Loan Document, (iv) each Lender (or affiliate thereof), in respect of all

Rate Management Obligations and Banking Services Obligations of the Borrower or any of its Restricted Subsidiaries to such Lender (or such affiliate) as exchange party or counterparty under any Rate Management Transaction or in connection with any Banking Services Agreements, as applicable, and (v) their respective successors, transferees and assigns.

“Holders of Prudential Note Obligations” means the holders of the Prudential Note Obligations from time to time and shall include their respective successors, transferees and assigns.

“Immaterial Assets” means (a) any tangible assets acquired in a Permitted Acquisition so long as such tangible assets do not constitute more than 5.0% of the Purchase Price for such Permitted Acquisition and (b) Intangible Assets acquired in such Permitted Acquisition.

“Immaterial Subsidiary” means, as of any date of determination, any Restricted Subsidiary of the Borrower (x) whose consolidated tangible assets (as set forth in the most recent consolidated balance sheet of the Borrower and its Restricted Subsidiaries delivered to the Lenders pursuant to this Agreement and computed in accordance with Agreement Accounting Principles), when added to the consolidated tangible assets of all other Immaterial Subsidiaries (as set forth in the most recent consolidated balance sheet of the Borrower and its Restricted Subsidiaries delivered to the Lenders pursuant to this Agreement and computed in accordance with Agreement Accounting Principles), do not constitute more than 5.0% of the Consolidated Tangible Assets and (y) whose consolidated net revenue, when added to the consolidated net revenue attributable to all other Immaterial Subsidiaries, does not constitute more than 5.0% of consolidated net revenue of the Borrower and its Restricted Subsidiaries (in each case, as determined for the four fiscal quarter period most recently ended for which financial statements have been delivered to the Lenders pursuant to this Agreement).

“Incremental Facilities” shall have the meaning given such term in Section 2.24(a).

“Incremental Facility Amendment” shall have the meaning given such term in Section 2.24(d).

“Incremental Revolving Commitments” shall have the meaning given such term in Section 2.24(a).

“Incremental Revolving Lender” shall have the meaning given such term in Section 2.24(d).

“Incremental Term Loans” shall have the meaning given such term in Section 2.24(a).

“Indebtedness” of a Person means, at any time, without duplication, such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than current accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or

hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, bonds, debentures, acceptances, or other instruments, (v) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) Contingent Obligations of such Person, (viii) reimbursement obligations under Letters of Credit, bankers' acceptances, surety bonds and similar instruments, (ix) Off-Balance Sheet Liabilities, (x) obligations under Sale and Leaseback Transactions, (xi) Net Mark-to-Market Exposure under Rate Management Transactions and other Financial Contracts, (xii) Rate Management Obligations and (xiii) any other obligation for borrowed money which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person.

“Indemnified Taxes” shall mean (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.

“Intangible Assets” means the aggregate amount, for the Borrower and its Restricted Subsidiaries on a consolidated basis, of: (1) all assets classified as intangible assets under Agreement Accounting Principles, including, without limitation, goodwill, trademarks, patents, copyrights, organization expenses, franchises, licenses, trade names, brand names, mailing lists, catalogs, excess of cost over book value of assets acquired, and bond discount and underwriting expenses; (2) loans or advances to, investments in, or receivables from (i) Encore Affiliates, officers, directors, employees or shareholders of the Borrower or any Restricted Subsidiary or (ii) any Person if such loan, advance, investment or receivable is outside the Borrower's or any Restricted Subsidiary's normal course of business; and (3) prepaid expenses; provided that Intangible Assets shall not include deferred court costs, deferred tax assets, deposits under state workers compensation programs and assets of the Borrower's excess deferred compensation plan.

“Intellectual Property Security Agreements” means the amended and restated intellectual property security agreements executed by the applicable Loan Parties on the Prior Closing Date and the intellectual property security agreements as any Loan Party may from time to time after such date make in favor of the Collateral Agent for the benefit of the Secured Parties, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Intercreditor Agreement” means the Amended and Restated Intercreditor Agreement, dated as of November 5, 2012, by and among the Administrative Agent, the Collateral Agent and the Holders of Prudential Note Obligations, substantially in the form of Exhibit 3.1(b)(vi) attached hereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Interest Period” shall mean with respect to any Eurodollar Borrowing, a period of one, two, three or six months; provided, that:

(i) the initial Interest Period for such Borrowing shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of another Type), and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the next preceding Business Day;

(iii) any Interest Period which 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 such calendar month;

(iv) each principal installment of the Term Loans shall have an Interest Period ending on each installment payment date and the remaining principal balance (if any) of the Term Loans shall have an Interest Period determined as set forth above;

(v) in the case of any Revolving Loans, no Interest Period commencing prior to the Existing Revolving Commitment Termination Date shall extend beyond the Existing Revolving Commitment Termination Date and no Interest Period shall extend beyond the Revolving Commitment Termination Date; and

(vi) no Interest Period may extend beyond the Term Loan A Maturity Date (in the case of Term Loan A), the Term Loan A-1 Maturity Date (in the case of Term Loan A-1), or the Term Loan A-2 Maturity Date (in the case of Term Loan A-2).

“Investment” of a Person means any loan, advance (other than commission, travel and similar advances to officers, employees made in the ordinary course of business), extension of credit (other than Accounts arising in the ordinary course of business, but including Contingent Obligations with respect to any obligation or liability of another Person) or contribution of capital by such Person; stocks, bonds, mutual funds, limited liability company interests, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person; *provided, however*, that the following shall not be considered an “Investment”: (a) the purchase of equity interests of an entity (1) the assets of which consist solely of Receivables and other Immaterial Assets which are used by such entity in connection with managing such Receivables, (2) which conducts no business other than managing the Receivables held by such entity and (3) which has no Indebtedness, (b) the purchase of equity interests by any Subsidiary of Propel Acquisition LLC of an entity (1) the assets of which consist solely of Tax Liens and other Immaterial Assets which are used by such entity in connection with managing such Tax Liens, (2) which conducts no business other than managing the Tax Liens held by such entity and (3) which has no Indebtedness and (c) Permitted Restructurings.

“Issuing Bank” shall mean (a) SunTrust Bank, in its capacity as an issuer of Letters of Credit pursuant to Section 2.22 and (b) any other Lender with a Revolving Commitment that, in its discretion, elects to become an Issuing Bank with the approval of the Administrative Agent and the Borrower by agreeing pursuant to an agreement with, and in form and substance satisfactory to, the Administrative Agent and the Borrower to be bound by the terms hereof applicable to Issuing Banks.

“Latest Maturity Date” means, at any date of determination, the latest maturity or expiration date applicable to any Loan or Commitment (or applicable Class of Loan or Commitment) hereunder at such time, including the latest maturity or expiration date of any Incremental Term Loan, any Extended Term Loan, any Incremental Revolving Commitment, any Extended Revolving Loan, or any Extended Revolving Commitment, in each case as extended in accordance with this Agreement from time to time.

“LC Collateral Account” shall have the meaning assigned to such term in Section 2.12(c).

“LC Commitment” shall mean that portion of the Aggregate Revolving Commitment that may be used by the Borrower for the issuance of Letters of Credit in an aggregate face amount equal to \$10,000,000.

“LC Disbursement” shall mean a payment made by the Issuing Bank pursuant to a Letter of Credit.

“LC Documents” shall mean all applications, agreements and instruments relating to the Letters of Credit (but excluding the Letters of Credit).

“LC Exposure” shall mean, at any time, the sum of (i) the aggregate undrawn amount of all outstanding Letters of Credit at such time, *plus* (ii) the aggregate amount of all LC Disbursements that have not been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender shall be its Pro Rata Share of the total LC Exposure at such time.

“Lenders” shall have the meaning assigned to such term in the opening paragraph of this Agreement and shall include, where appropriate, the Swingline Lender and each Additional Lender that joins this Agreement pursuant to Section 2.24(a), and the Extending Lenders and the Non-Extending Lenders.

“Letter of Credit” shall mean any stand-by letter of credit issued pursuant to Section 2.22 by the Issuing Bank for the account of the Borrower pursuant to the LC Commitment and the Existing Letters of Credit.

“LIBOR” shall mean, for any Interest Period with respect to a Eurodollar Loan, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London, England time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, LIBOR shall be, for any Interest Period, the rate per annum reasonably determined by the Administrative Agent as the rate of interest at which Dollar deposits in the approximate amount of the Eurodollar Loan comprising part of such borrowing would be offered by the Administrative Agent to major banks in the London interbank Eurodollar market at their request at or about 10:00 a.m. two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period.



“Lien” shall mean any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capital Lease or other title retention agreement, and, in the case of stock, stockholders agreements, voting trust agreements and all similar arrangements).

“Loan Documents” shall mean, collectively, means this Agreement, the LC Documents, the Collateral Documents, the Guaranty Agreement, the Intercreditor Agreement and all other documents, instruments, notes (including any Notes issued to any Lender (if requested)) and agreements executed in connection herewith or therewith or contemplated hereby or thereby, as the same may be amended, restated or otherwise modified and in effect from time to time.

“Loan Party” means, at any time, any of the Borrower and any Person which is a Guarantor at such time; “Loan Parties” means each Loan Party, collectively.

“Loans” shall mean all Revolving Loans, all Swingline Loans, the Term Loan A, Term Loan A-1 and Term Loan A-2 in the aggregate or any of them, as the context shall require.

“Material Adverse Effect” shall mean a material adverse effect on (i) the business, Property, condition (financial or otherwise), operations or results of operations of the Borrower, or the Borrower and its Restricted Subsidiaries taken as a whole, (ii) the ability of the Borrower or any Restricted Subsidiary to perform its obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent, the Collateral Agent, the Issuing Bank or the Lenders thereunder or their rights with respect to the Collateral.

“Material Indebtedness” means any Indebtedness of the Borrower or any Restricted Subsidiary in an outstanding principal amount of \$10,000,000 or more in the aggregate (or the equivalent thereof in any currency other than Dollars).

“Material Indebtedness Agreement” means any agreement under which any Material Indebtedness was created or is governed or which provides for the incurrence of Indebtedness in an amount which would constitute Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder).

“Medicaid” means the medical assistance program established by Title XIX of the Social Security Act (42 U.S.C. ss. 1396 ET SEQ.) and any successor or similar statutes, as in effect from time to time.

“Medicare” means the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. ss. 1395 ET SEQ.) and any successor or similar statutes as in effect from time to time.

“Minority Investment” of a Person (the “investing person”) means an Investment by the investing person in capital stock of another Person (the “target person”) where the target person is not, and immediately following such Investment does not become, a Subsidiary of the investing person.

“Moody’s” shall mean Moody’s Investors Service, Inc., and any successor thereto.

“Mortgage” means each of those certain mortgages and deeds of trust as are entered into by the Loan Parties pursuant hereto or in connection herewith, in each case as amended, restated, supplemented or otherwise modified from time to time.

“Mortgage Instruments” means such title reports, title insurance, opinions of counsel, surveys, appraisals and environmental reports as are requested by, and in form and substance reasonably acceptable to, the Administrative Agent from time to time.

“Mortgaged Properties” means each Loan Party’s real Property with a book value equal to or in excess of \$1,000,000.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, which is covered by Title IV of ERISA and to which the Borrower or any member of the Controlled Group is obligated or has been obligated within the past six years to make contributions.

“Net Cash Proceeds” means, with respect to any sale or other disposition of Property of the Borrower or any Restricted Subsidiary by any Person, cash (freely convertible into Dollars) received by such Person or any Restricted Subsidiary of such Person from such disposition of Property (including cash received as consideration for the assumption or incurrence of liabilities incurred in connection with or in anticipation of such disposition of Property), or conversion to cash of non-cash proceeds (whether principal or interest, release of escrow arrangements or otherwise) received from any such disposition of Property, in each case after (i) provision for all income or other taxes measured by or resulting from such disposition of Property, (ii) cash payment of all reasonable brokerage commissions and other fees and expenses related to such disposition of Property, and (iii) taking into account all amounts in cash used to repay Indebtedness secured by a Lien on any Property disposed of in such disposition of Property.

“Net Mark-to-Market Exposure” of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Rate Management Transactions. “Unrealized losses” means the fair market value of the cost to such Person of replacing such Rate Management Transaction as of the date of determination (assuming the Rate Management Transaction were to be terminated as of that date), and “unrealized profits” means the fair market value of the gain to such Person of replacing such Rate Management Transaction as of the date of determination (assuming such Rate Management Transaction were to be terminated as of that date).

“Non-Defaulting Lender” shall mean, at any time, a Lender that is not a Defaulting Lender.

“Non-Extending Lender” means (i) a Lender with a Revolving Commitment that terminates on the Existing Revolving Commitment Termination Date, and its successors and assigns and (ii) a Lender with a Term Loan A that is not extending the maturity date thereof pursuant to the terms hereof, and its successors and assigns. The Non-Extending Lenders as of the Closing Date, together with the amount of their respective Revolving Commitments and the outstanding principal amount of the Term Loan A held by them on the Closing Date, are identified as such on Schedule III.

“Notes” shall mean, collectively, the Revolving Credit Notes, the Swingline Note each Term Note A and each Term Note A-1.

“Notice of Borrowing” shall mean, collectively, the Notices of Revolving Borrowing, and the Notices of Swingline Borrowing.

“Notice of Conversion/Continuation” shall mean the notice given by the Borrower to the Administrative Agent in respect of the conversion or continuation of an outstanding Borrowing as provided in Section 2.7(b).

“Notice of Revolving Borrowing” shall have the meaning as set forth in Section 2.3.

“Notice of Swingline Borrowing” shall have the meaning as set forth in Section 2.4.

“Obligations” shall mean all Loans, all Reimbursement Obligations, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower or any other Loan Party to the Administrative Agent, any Lender, the Swing Line Lender, the Issuing Bank, the Arrangers, any affiliate of the Administrative Agent, any Lender, the Swing Line Lender, the Issuing Bank or the Arrangers, or any indemnitee under the provisions of Section 10.3 or any other provisions of the Loan Documents, in each case of any kind or nature, present or future, arising under this Agreement or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, foreign exchange risk, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), charges, expenses, fees, attorneys’ fees and disbursements, paralegals’ fees (in each case whether or not allowed), and any other sum chargeable to the Borrower or any other Loan Party under this Agreement or any other Loan Document.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Off-Balance Sheet Liabilities” of a Person means the principal component of (i) any repurchase obligation or liability of such Person (excluding any such obligation or liability for disposition of Receivables), with respect to Accounts or notes receivable sold by such Person, (ii) any liability under any so-called “synthetic lease” or “tax ownership operating lease” transaction entered into by such Person, or (iii) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheets of such Person, but excluding from this clause (iii) all Operating Leases.

“Officer’s Certificate” means a certificate of an Authorized Officer or of any other officer of the Borrower whose responsibilities extend to the subject matter of such certificate.

“Operating Lease” of a Person means any lease of Property (other than a Capital Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.27).

“Participant” shall have the meaning set forth in Section 10.4(d).

“Participant Register” has the meaning specified in clause (d) of Section 10.4.

“Patriot Act” shall have the meaning set forth in Section 10.15.

“Payment Office” shall mean the office of the Administrative Agent located at 303 Peachtree Street, N.E., Atlanta, Georgia 30308, or such other location as to which the Administrative Agent shall have given written notice to the Borrower and the other Lenders.

“PBGC” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

“Permitted Acquisition” is defined in Section 7.4.

“Permitted Foreign Subsidiary Investments/Loans” means (i) Investments by any Loan Party in any Foreign Subsidiary and (ii) Indebtedness arising from intercompany loans and advances made by any Loan Party to any Foreign Subsidiary, provided, that the purpose of such Investment or Indebtedness is the acquisition of Receivables.

“Permitted Foreign Subsidiary Non-Recourse Indebtedness” means Indebtedness of Foreign Subsidiaries, provided that (a) no Default exists at the time of or immediately after giving effect to the incurrence of such Indebtedness, (b) such Indebtedness is non-recourse at all times to the Borrower, the Guarantors and the Domestic Subsidiaries, (c) such Indebtedness does not benefit at any time from any direct or indirect guaranties or other credit support from the Borrower, any Guarantor or any Domestic Subsidiary, and (d) the total principal amount outstanding of such Indebtedness does not exceed 40% of Consolidated Net Worth at any time.

“Permitted Indebtedness” means Indebtedness permitted by Section 7.1(n).

“Permitted Indebtedness Hedge” means any one or more derivative transactions (including the issuance by Borrower of warrants on its capital stock and the purchase by Borrower of an option on its capital stock) entered into concurrently with Permitted Indebtedness on terms and conditions reasonably satisfactory to the Administrative Agent.

“Permitted Restructuring” means a transaction or series of transactions pursuant to which the Borrower or any Restricted Subsidiary sells, assigns or otherwise transfers Receivables and/or other assets between or among themselves, including transfers to or mergers or consolidations with, or voluntary dissolutions or liquidations into, newly created Wholly-Owned Subsidiaries of the Borrower or the Restricted Subsidiaries, subject to compliance with Section 5.10 and Section 5.11; provided that (i) no Receivables or other assets of Excluded Subsidiaries shall be commingled with the assets of a Loan Party as a result of such Permitted Restructuring, (ii) no such transfers shall take place from a Loan Party to an Excluded Subsidiary or to any other Subsidiary that is not a Loan Party and (iii) such transactions are effected for tax planning and related general corporate purposes.

“Person” shall mean any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any Governmental Authority.

“Plan” shall mean an employee pension benefit plan, excluding any Multiemployer Plan, which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

“Pledge and Security Agreement” means that certain Second Amended and Restated Pledge and Security Agreement, dated as of the Prior Closing Date, by and between the Loan Parties and the Collateral Agent for the benefit of the Secured Parties, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

“Pledge Subsidiary” means each Domestic Subsidiary and First Tier Foreign Subsidiary that is a Restricted Subsidiary.

“Prior Closing Date” means November 5, 2012.

“Principal Credit Facility” means any loan agreement, credit agreement, note purchase agreement, indenture or similar document under which credit facilities in the aggregate original principal or commitment amount of at least \$20,000,000 are provided for.

“Pro Rata Share” shall mean, at any time of determination: (i) with respect to all payments, prepayments, computations and other matters relating to a Class of Term Loans, the percentage obtained by dividing (a) the outstanding principal amount of Term Loans of such Class at such time by (b) the aggregate principal amount of all Term Loans of such Class outstanding at such time; (ii) with respect to all payments, prepayments, computations and other matters relating to the Revolving Commitment or Revolving Loans of any Lender or any Letters of Credit issued or participations purchased (or to be purchased) therein by any Lender or any participations in any Swingline Loans purchased (or to be purchased) by any Lender, the percentage obtained by dividing (a) such Lender’s Revolving Commitment at such time (or if such Revolving Commitment has been terminated or expired, such Lender’s Revolving Credit Exposure at such time) by (b) the sum of all Revolving Commitments of all Lenders (or if such Revolving Commitments have been terminated or expired in accordance with the terms hereof, the aggregate Revolving Credit Exposure of all Lenders at such time); (iii) with respect to all payments, prepayments, computations and other matters relating to Incremental Term Loans of any Lender, the percentage obtained by dividing (a) the outstanding principal amount of Incremental Term Loans of such Lender at such time by (b) the aggregate principal amount of Incremental all Term Loans outstanding at such time and (iv) with respect to the LC Exposure or the Swingline Exposure of any Lender, the percentage obtained by dividing (a) such Lender’s Revolving Commitment in effect at such time (or if such Revolving Commitment has been terminated or expired in accordance with the terms hereof, the amount of such Revolving Commitment as in effect immediately prior to such termination or expiration) by (b) the aggregate Revolving Commitment of all Lenders (or if the Revolving Commitments of all Lenders have been terminated or expired in accordance with the term hereof, the aggregate Revolving Commitment of all Lenders as in effect immediately prior to such termination or expiration). For all other purposes with respect to each Lender, including indemnification and/or reimbursement obligations under Section 9.8 and Section 10.3(d), “Pro Rata Share” shall mean, as of any date of determination, the percentage obtained by dividing (A) an amount equal to the sum of (i) the then outstanding principal amount of all Term Loans and Incremental Term Loans of such Lender and (ii) the Revolving Credit Exposure of such Lender at such time by (B) an amount equal to the sum of (i) the aggregate principal amount of all Term Loans and all Incremental Term Loans outstanding at such time and (ii) the aggregate Revolving Credit Exposure of all Lenders at such time. The foregoing shall be subject to any adjustments necessary to give effect to the requirements of Section 2.24.

“Propel” means Propel Financial Services, LLC, a Texas limited liability company.

“Propel Acquisition” means the acquisition by Propel Acquisition LLC of the Propel Group.

“Propel Acquisition LLC” means a Subsidiary of the Borrower that is a Delaware limited liability company formed for the purpose of acquiring the Propel Group.

“Propel Group” means Propel and its Subsidiaries and each other entity acquired by Propel Acquisition LLC as part of the same transaction as the acquisition of Propel.

“Propel Indebtedness” means the Indebtedness incurred by Propel Acquisition LLC and one or more Subsidiaries of Propel Acquisition LLC in connection with the Propel Acquisition and the on-going financing of the operations and business of Propel Acquisition LLC and such Subsidiaries of Propel Acquisition LLC.

“Property” of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“Prudential Financing” means, collectively (i) the issuance of Indebtedness of the Borrower in an aggregate principal amount of \$50,000,000 pursuant to the “Original Agreement” (as defined in Prudential Senior Secured Note Agreement), evidenced by the 2010 Prudential Senior Secured Notes, together with the Indebtedness under the guaranties in respect thereof, secured on a pari passu basis with the Obligations pursuant to the Intercreditor Agreement, with a maturity date of September 17, 2017 and with the same (or no more onerous) terms relating to amortization and other scheduled principal payments in respect of the 2010 Prudential Senior Secured Notes as in effect on September 20, 2010 and (ii) the issuance of Indebtedness of the Borrower in an aggregate principal amount of \$25,000,000 pursuant to the “Prior Agreement” (as defined in Prudential Senior Secured Note Agreement), evidenced by the 2011 Prudential Senior Secured Notes, together with the Indebtedness under the guaranties in respect thereof, secured on a pari passu basis with the Obligations pursuant to the Intercreditor Agreement, with a maturity date of February 10, 2018, and with the same (or no more onerous) terms relating to amortization and other scheduled principal payments in respect of the 2011 Prudential Senior Secured Notes as in effect on February 10, 2011.

“Prudential Note Obligations” means the Prudential Senior Secured Notes and other obligations of the Borrower and the Guarantors under the Prudential Financing, secured on a pari passu basis with the Obligations pursuant to the Intercreditor Agreement.

“Prudential Senior Secured Note Agreement” means that certain Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of May 9, 2013, by and between the Borrower, on the one hand, and the purchasers named therein, on the other hand, as it may be amended, restated, supplemented or otherwise modified from time to time.

“Prudential Senior Secured Notes” means, collectively, the 2010 Prudential Senior Secured Notes and the 2011 Prudential Senior Secured Notes.

“Purchase Price” means the total consideration and other amounts payable in connection with any Acquisition, including, without limitation, any portion of the consideration payable in cash, all Indebtedness, liabilities and contingent obligations incurred or assumed in connection with such Acquisition and all transaction costs and expenses incurred in connection with such Acquisition.

“Ratable Share” means, at any time, the aggregate principal amount of all Loans outstanding at such time as a percentage of the sum of (x) the aggregate principal amount of all Loans outstanding at such time *plus* (y) the aggregate principal amount outstanding in respect of the Prudential Senior Secured Notes.

“Rate Management Obligations” of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

“Rate Management Transaction” means any transaction (including an agreement with respect thereto) now existing or hereafter entered by the Borrower or a Restricted Subsidiary which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures; *provided* that any Permitted Indebtedness Hedge shall not be a Rate Management Transaction so long as such Permitted Indebtedness Hedge relates to capital stock of Borrower.

“Recipient” means (a) the Administrative Agent, (b) any Lender and (c) the Issuing Bank, as applicable.

“Receivable” of any Person shall mean a right of such Person to the payment of money arising out of a consumer transaction, and which right was acquired by such Person with a group of similar rights.

“Receivables Portfolio” of any Person means any group of Receivables acquired by such Person as part of a single transaction.

“Regulation D” means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks, non-banks and non-broker lenders for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by foreign lenders for the purpose of purchasing or carrying margin stock (as defined therein).

“Related Parties” shall mean, with respect to any specified Person, such Person’s Affiliates and the respective managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives of such Person and such Person’s Affiliates.



“Rentals” of a Person means the aggregate rent expense incurred by such Person under any Operating Lease.

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan subject to Title IV of ERISA, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, *provided, however*, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or variance from the minimum funding standard allowed under Section 412(c) of the Code.

“Reports” is defined in Section 10.3(a).

“Required Lenders” shall mean, at any time, Lenders holding more than 50% of the aggregate outstanding Revolving Commitments and Term Loans at such time or if the Lenders have no Commitments outstanding, then Lenders holding more than 50% of the Revolving Credit Exposure and Term Loans; *provided, however*, that to the extent that any Lender is a Defaulting Lender, such Defaulting Lender and all of its unused Commitments and Revolving Credit Exposure and outstanding Term Loans shall be excluded for purposes of determining Required Lenders.

“Responsible Officer” shall mean any of the president, the chief executive officer, the chief operating officer, the chief financial officer, the treasurer, the assistant treasurer or a vice president of the Borrower or such other representative of the Borrower as may be designated in writing by any one of the foregoing with the consent of the Administrative Agent; *provided*, that, with respect to the financial covenants and Compliance Certificate, Responsible Officer shall mean only the chief financial officer or the treasurer of the Borrower.

“Restricted Payment” means (i) any dividend or other distribution, direct or indirect, on account of any equity interests of the Borrower or any of its Restricted Subsidiaries now or hereafter outstanding, except a dividend payable solely in the Borrower’s capital stock (other than Disqualified Stock) or in options, warrants or other rights to purchase such capital stock, (ii) any redemption, retirement, purchase or other acquisition for value, direct or indirect, of any equity interests of the Borrower or any of its Restricted Subsidiaries now or hereafter outstanding, other than in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Restricted Subsidiary of the Borrower) of other equity interests of the Borrower (other than Disqualified Stock) and (iii) any redemption, purchase, retirement, defeasance, prepayment or other acquisition for value, direct or indirect, of any Indebtedness prior to the stated maturity thereof, other than the Obligations, the Prudential Note Obligations and the Equipment Financing Transactions.

“Restricted Subsidiary” shall mean any Subsidiary that is not an Unrestricted Subsidiary. Unless explicitly set forth to the contrary, a reference to a “Restricted Subsidiary” means a Restricted Subsidiary of the Borrower.

“Revolving Commitment” shall mean, with respect to each Lender, the obligation of such Lender to make Revolving Loans to the Borrower and to participate in Letters of Credit and Swingline Loans in an aggregate principal amount not exceeding the amount set forth with respect to such Lender on Schedule II-A, as such schedule may be amended pursuant to Section 2.24(a), and shall include an Extended Revolving Commitment of such Lender, as the context may require, or in the case of a Person becoming a Lender after the Closing Date through an assignment of an existing Revolving Commitment, the amount of the assigned “Revolving Commitment” as provided in the Assignment and Acceptance executed by such Person as an assignee, as the same may be increased or decreased pursuant to terms hereof.

“Revolving Commitment Termination Date” shall mean the earliest of (i) February 24, 2019, (ii) the date on which the Revolving Commitments are terminated pursuant to Section 2.9 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise); provided, that, with respect to any Extended Revolving Commitment (and the Extended Revolving Loans made pursuant thereto), the termination date set forth in the Extension Offer with respect thereto.

“Revolving Credit Exposure” shall mean, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Revolving Loans, LC Exposure and Swingline Exposure.

“Revolving Credit Note” shall mean a promissory note of the Borrower payable to the order of a requesting Lender in the principal amount of such Lender’s Revolving Commitment, in substantially the form of Exhibit C, and any promissory note issued in replacement or substitution thereof.

“Revolving Facility” shall mean the extensions of credit made hereunder by Lenders holding a Revolving Commitment.

“Revolving Loan” shall mean a loan made by a Lender (other than the Swingline Lender) to the Borrower under its Revolving Commitment, which may either be a Base Rate Loan or a Eurodollar Loan.

“S&P” shall mean Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and any successor thereto.

“Sale and Leaseback Transaction” means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

“Sanctioned Country” means a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>, or as otherwise published from time to time.

“Sanctioned Person” means (a) a Person named on the list of “Specially Designated Nationals and Blocked Persons” maintained by OFAC available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, (b) a Person named on the lists maintained by the United Nations

Security Council available at [http://www.un.org/sc/committees/list\\_compend.shtml](http://www.un.org/sc/committees/list_compend.shtml), or as otherwise published from time to time, (c) a Person named on the lists maintained by the European Union available at [http://eeas.europa.eu/cfsp/sanctions/consol-list\\_en.htm](http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm), or as otherwise published from time to time, (d) a Person named on the lists maintained by Her Majesty's Treasury available at [http://www.hm-treasury.gov.uk/fin\\_sanctions\\_index.htm](http://www.hm-treasury.gov.uk/fin_sanctions_index.htm), or as otherwise published from time to time, or (e) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

“Secured Obligations” means, collectively, (i) the Obligations, (ii) all Rate Management Obligations owing in connection with Rate Management Transactions to any Lender or any affiliate of any Lender, (iii) all Banking Services Obligations owing to any Lender or any affiliate of any Lender and (iv) the Prudential Note Obligations; provided, that “Secured Obligations” shall not include any Excluded Swap Obligations.

“Secured Parties” means the Holders of Obligations and the Holders of Prudential Note Obligations, if any.

“Single Employer Plan” means a Plan maintained by the Borrower or any member of the Controlled Group.

“Subordinated Indebtedness” of a Person means any Indebtedness (other than Indebtedness arising from intercompany loans and advances) of such Person the payment of which is subordinated to payment of the Secured Obligations.

“Subordinated Indebtedness Documents” means any document, agreement or instrument evidencing any Subordinated Indebtedness or entered into in connection with any Subordinated Indebtedness.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of the Borrower.

“Subsidiary Redesignation” shall have the meaning assigned thereto in the definition of “Unrestricted Subsidiary” below.

“Substantial Portion” means, with respect to the Property of the Borrower and its Restricted Subsidiaries, Property which represents more than 5% of Consolidated Tangible Assets or Property which is responsible for more than 5% of the consolidated net revenues of the Borrower and its Restricted Subsidiaries, in each case, as would be shown in the consolidated financial statements of the Borrower and its Restricted Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made (or if financial statements have not been delivered hereunder for that month which begins the twelve-month period, then the financial statements delivered hereunder for the quarter ending immediately prior to that month).

“Supermajority Lenders” means Lenders in the aggregate having at least 66 2/3% of the sum of the Aggregate Revolving Commitment (or, if all of the Revolving Commitments are terminated pursuant to the terms of this Agreement, the Aggregate Revolving Credit Exposure at such time).

“Swap Obligation” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“Swingline Commitment” shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount equal to \$10,000,000.

“Swingline Exposure” shall mean, with respect to each Lender, the principal amount of the Swingline Loans in which such Lender is legally obligated either to make a Base Rate Loan or to purchase a participation in accordance with Section 2.4, which shall equal such Lender’s Pro Rata Share of all outstanding Swingline Loans.

“Swingline Lender” shall mean SunTrust Bank.

“Swingline Loan” shall mean a loan made to the Borrower by the Swingline Lender under the Swingline Commitment.

“Swingline Note” shall mean the promissory note of the Borrower payable to the order of the Swingline Lender in the principal amount of the Swingline Commitment, in substantially the form of Exhibit D, and any promissory note issued in replacement or substitution thereof.

“Taxes” shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges, assessments or withholdings imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Tax Liens” means liens on the assets of any Person in respect of delinquent property tax receivables.

“Term Loan Facility” shall mean the extensions of credit made under the Existing Credit Agreement by Lenders holding a Term Loan Commitment and shall include the extension of credit made in respect of the Additional Term Loan A-1 Commitment.

“Term Loan” shall mean (i) individually, Term Loan A, Term Loan A-1 or Term Loan A-2 and (ii) collectively, Term Loan A, Term Loan A-1 and Term Loan A-2, and shall include Extended Term Loans, as the context may require.

“Term Loan A” shall have the meaning set forth in Section 2.5(a).

“Term Loan A Maturity Date” shall mean, the earlier of (i) November 3, 2017 or (ii) the date on which the principal amount of all outstanding Term Loans have been declared or automatically have become due and payable (whether by acceleration or otherwise); provided, that, with respect to any Extended Term Loans, the maturity date shall be as set forth in the Extension Offer with respect thereto.

“Term Loan A-1” shall have the meaning set forth in Section 2.5(a).

“Term Loan A-1 Maturity Date” shall mean, the earlier of (i) February 24, 2017 or (ii) the date on which the principal amount of all outstanding Term Loans have been declared or automatically have become due and payable (whether by acceleration or otherwise); provided, that, with respect to any Extended Term Loans, the maturity date shall be as set forth in the Extension Offer with respect thereto.

“Term Loan A-2” shall mean a Term Loan A that has been converted pursuant to Section 2.5(b).

“Term Loan A-2 Maturity Date” shall mean, the earlier of (i) February 24, 2019 or (ii) the date on which the principal amount of all outstanding Term Loans have been declared or automatically have become due and payable (whether by acceleration or otherwise); provided, that, with respect to any Extended Term Loans, the maturity date shall be as set forth in the Extension Offer with respect thereto.

“Term Loan Commitment” shall mean (i) individually, the Term Loan A Commitment, the Term Loan A-1 Commitment or the Additional Term Loan A-1 Commitment and (ii) collectively, the Term Loan A Commitment, the Term Loan A-1 Commitment and the Additional Term Loan A-1 Commitment.

“Term Loan A Commitment” shall mean, with respect to a Lender, the obligation of such Lender to make a Term Loan A hereunder on the Prior Closing Date in a principal amount not exceeding the amount set forth with respect to such Lender on Schedule II-A. As of the Prior Closing Date, the aggregate principal amount of all Lenders’ Term Loan A Commitments was \$100,000,000.

“Term Loan A-1 Commitment” shall mean, with respect to a Lender, the obligation of such Lender to make a Term Loan A-1 hereunder on the Prior Closing Date in a principal amount not exceeding the amount set forth with respect to such Lender on Schedule II-B. As of the Prior Closing Date, the aggregate principal amount of all Lenders’ Term Loan A-1 Commitments was \$50,000,000.

“Term Note A” shall mean a promissory note of the Borrower payable to the order of a requesting Lender in the principal amount of such Lender’s Term Loan A Commitment, in substantially the form of Exhibit E-1, and any promissory note issued in replacement or substitution thereof.

“Term Note A-1” shall mean a promissory note of the Borrower payable to the order of a requesting Lender in the principal amount of such Lender’s Term Loan A-1 Commitment, in substantially the form of Exhibit E-2, and any promissory note issued in replacement or substitution thereof.

“Term Note A-2” shall mean a promissory note of the Borrower payable to the order of a requesting Lender in the principal amount set forth on Schedule III corresponding to such Lender, in substantially the form of Exhibit E-3, and any promissory note issued in replacement or substitution thereof.

“Type”, when used in reference to a Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Base Rate.

“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 assigned to such term in paragraph (f) of Section 2.20.

“Unfunded Liabilities” means the amount (if any) by which the present value of all vested and unvested accrued benefits under each Single Employer Plan subject to Title IV of ERISA exceeds the fair market value of all such Plan’s assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan for which a valuation report is available, using actuarial assumptions for funding purposes as set forth in such report.

“Unrestricted Subsidiary” shall mean (a) any Subsidiary designated by the Borrower as an “Unrestricted Subsidiary” hereunder by written notice to the Administrative Agent; provided that the Borrower shall only be permitted to so designate a Subsidiary as an Unrestricted Subsidiary if each of the following conditions are satisfied: (i) immediately before and after giving effect to such designation, (x) no Default or Event of Default shall have occurred and be continuing or shall exist and (y) the Borrower shall be in pro forma compliance with each of the covenants set forth in ARTICLE VI as of the last day of the most recently ended Fiscal Quarter for which financial statements have been delivered pursuant to Section 5.1(a) or (b), as applicable, together with the consolidating financial statements relating thereto required under Section 5.1(d) (after giving effect to such designation of such Subsidiary as an Unrestricted Subsidiary), (ii) no Subsidiary may be designated as an Unrestricted Subsidiary if, after giving effect to such designation, it (or any of its Subsidiaries) (x) would be a “Restricted Subsidiary” for the purpose of the Prudential Senior Secured Note Agreement, any Incremental Facility or any other Material Indebtedness of the Borrower or a Restricted Subsidiary pursuant to which a Subsidiary may be designated an “Unrestricted Subsidiary” or (y) would be a co-borrower or guarantor (or provide security or any other form of credit enhancement) for the purpose of the Prudential Senior Secured Note Agreement, any Incremental Facility or any other Material Indebtedness of the Borrower or a Restricted Subsidiary, (iii) 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 greater of (I) the portion (proportionate to the Borrowers’ direct or indirect equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary (and any Subsidiaries thereof) and (II) the Fair Market Value of the Borrowers’ direct or indirect equity interest in such Subsidiary, in each case, at the time that such

Subsidiary is designated an Unrestricted Subsidiary and the Borrower shall be permitted to make such Investment under Section 7.4(k) or (l), (iv) neither the Borrower nor any Restricted Subsidiary shall at any time be directly, indirectly or contingently liable for any Indebtedness or other liability of any Unrestricted Subsidiary, except to the extent the same would constitute a permitted Investment under Section 7.4(k), (v) any Subsidiary to be so designated does not (directly, or indirectly through its own Subsidiaries or otherwise) own any capital stock of, or own or hold any Lien on any property of, the Borrower or any Restricted Subsidiary, (vi) such designation shall have occurred after May 9, 2013 (and, for the avoidance of doubt, each of the Subsidiaries of the Borrower shall initially be Restricted Subsidiaries, regardless of whether it is existing as of May 9, 2013 or is thereafter formed or acquired, and shall remain a Restricted Subsidiary until designated as an Unrestricted Subsidiary in accordance with this definition) and (vii) the Borrower shall have delivered to the Administrative Agent an officer's certificate executed by a Responsible Officer of the Borrower, certifying compliance with each of the requirements of the preceding clauses (i) through (vi) and (b) any Subsidiary of an Unrestricted Subsidiary. The Borrower may designate any Unrestricted Subsidiary to be a Restricted Subsidiary for purposes of this Agreement (each, a "Subsidiary Redesignation"); provided that (A) immediately before and after such Subsidiary Redesignation, no Default or Event of Default shall have occurred and be continuing or shall exist, (B) the designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute the incurrence at the time of such designation of any Indebtedness or Liens of such Subsidiary existing at such time, (C) the Borrower shall be in pro forma compliance with each of the covenants set forth in ARTICLE VI as of the last day of the most recently ended Fiscal Quarter for which financial statements have been delivered pursuant to Section 5.1(a) or (b), as applicable, together with the consolidating financial statements relating thereto required under Section 5.1(d) (after giving effect to such Subsidiary Redesignation), (D) all representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Subsidiary Redesignation (both before and after giving effect thereto), unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date, (E) such Subsidiary Redesignation shall constitute a return on any Investment by the Borrower in Unrestricted Subsidiaries that are subject to such Subsidiary Redesignation in an amount equal to the greater of (i) the portion (proportionate to the Borrowers' direct or indirect equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary (and any Subsidiaries thereof) and (ii) the Fair Market Value of the Borrowers' direct or indirect equity interest in such Subsidiary, in each case, at the date of such Subsidiary Redesignation of the Borrower's or its Subsidiary's (as applicable) Investment in such Subsidiary), (F) the Borrower shall cause the Subsidiary that is the subject of such Subsidiary Redesignation to comply with, to the extent applicable, Section 5.10 and Section 5.11 and (G) the Borrower shall have delivered to the Administrative Agent an officer's certificate executed by a Responsible Officer of the Borrower, certifying compliance with the requirements of the preceding clauses (A) through (E); provided, further, that no Unrestricted Subsidiary that has been designated as a Restricted Subsidiary pursuant to a Subsidiary Redesignation may again be designated as an Unrestricted Subsidiary. For the avoidance of doubt, the results of operations, cash flows, assets and indebtedness or other liabilities of Unrestricted Subsidiaries will not be taken into account or consolidated with the accounts of any Loan Party or Restricted Subsidiary for any purpose under this Agreement (other than for the financial statements required to be delivered pursuant to Sections 5.1(a) and (b)) or the other Loan Documents, including for the purposes of determining any financial calculation contained in this Agreement.

“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 Subsidiary” means (i) any Restricted Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by the Borrower or one or more wholly-owned Restricted Subsidiaries of the Borrower, or by the Borrower and one or more wholly-owned Restricted Subsidiaries of the Borrower, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled by a Person referred to in clause (i) above.

“Withholding Agent” means the Borrower and the Administrative Agent.

### **Section 1.2. Classifications of Loans and Borrowings.**

For purposes of this Agreement, Loans may be classified and referred to by Class (e.g. a “Revolving Loan”, “Term Loan A”, “Term Loan A-1” or “Term Loan A-2”) or by Type (e.g. a “Eurodollar Loan” or “Base Rate Loan”) or by Class and Type (e.g. “Revolving Eurodollar Loan”). Borrowings also may be classified and referred to by Class (e.g. “Revolving Borrowing”) or by Type (e.g. “Eurodollar Borrowing”) or by Class and Type (e.g. “Revolving Eurodollar Borrowing”).

### **Section 1.3. Accounting Terms and Determination.**

If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by the Borrower or any of its Restricted Subsidiaries with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants, tests, restrictions or standards herein or in the related definitions or terms used therein (“Accounting Changes”), the parties hereto agree, at the Borrower’s request or the Administrative Agent’s request, to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such changes with the desired result that the criteria for evaluating the Borrower’s and its Restricted Subsidiaries’ financial condition shall be the same after such changes as if such changes had not been made; *provided, however*, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders, no Accounting Change shall be given effect in such calculations. The parties hereto agree that any such amendment entered into as a result of a change in the accounting principles relating to the treatment of operating leases, including the capitalization thereof, would be effected at no cost to the Borrower (other than the reasonable attorney’s fees of the Administrative Agent). In the



event such amendment is entered into, all references in this Agreement to Agreement Accounting Principles shall mean generally accepted accounting principles as of the date of such amendment. Notwithstanding the foregoing, all financial statements to be delivered by the Borrower pursuant to Section 5.1 shall be prepared in accordance with generally accepted accounting principles in effect at such time. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any of its Restricted Subsidiaries at “fair value”, as defined therein.

#### **Section 1.4. 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 words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the word “to” means “to but excluding”. Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns (including, without limitation, a debtor in possession on its behalf), (iii) the words “hereof”, “herein” and “hereunder” and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement; (v) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (vi) 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. To the extent that any of the representations and warranties contained in ARTICLE IV under this Agreement is qualified by “Material Adverse Effect”, then the qualifier “in all material respects” contained in Section 3.2(b) and the qualifier “in any material respect” contained in Section 8.1(b) shall not apply. Unless otherwise indicated, all references to time are references to Eastern Standard Time or Eastern Daylight Savings Time, as the case may be. Unless otherwise expressly provided herein, all references to dollar amounts shall mean Dollars. In determining whether any individual event, act, condition or occurrence of the foregoing types could reasonably be expected to result in a Material Adverse Effect, notwithstanding that a particular event, act, condition or occurrence does not itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event, act, condition or occurrence and all other such events, acts, conditions or occurrences of the foregoing types which have occurred could reasonably be expected to result in a Material Adverse Effect.

## ARTICLE II

### AMOUNT AND TERMS OF THE COMMITMENTS

#### **Section 2.1. General Description of Facilities.**

Subject to and upon the terms and conditions herein set forth, (i) the Lenders hereby establish in favor of the Borrower a revolving credit facility pursuant to which each Lender severally agrees (to the extent of such Lender's Revolving Commitment) to make Revolving Loans to the Borrower in accordance with Section 2.2, (ii) the Issuing Bank agrees to issue Letters of Credit in accordance with Section 2.22, (iii) the Swingline Lender agrees to make Swingline Loans in accordance with Section 2.4, (iv) each Lender agrees to purchase a participation interest in the Letters of Credit and the Swingline Loans pursuant to the terms and conditions hereof; provided, that in no event shall the aggregate principal amount of all outstanding Revolving Loans, Swingline Loans and outstanding LC Exposure exceed at any time the Aggregate Revolving Commitment from time to time in effect; and (v) each Lender severally agrees to make a Term Loan to the Borrower in a principal amount not exceeding such Lender's Term Loan Commitment on the Prior Closing Date and on the Closing Date (in the case of the Additional Term Loan A-1 Commitment).

#### **Section 2.2. Revolving Loans.**

Subject to the terms and conditions set forth herein, each Lender severally (and not jointly) agrees to make Revolving Loans, ratably in proportion to its Pro Rata Share, to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Commitment or (b) the sum of the aggregate Revolving Credit Exposures of all Lenders exceeding the lesser of (i) the Aggregate Revolving Commitment and (ii) the Borrowing Base, in each case, then in effect. During the Availability Period, the Borrower shall be entitled to borrow, prepay and reborrow Revolving Loans in accordance with the terms and conditions of this Agreement; provided, that the Borrower may not borrow or reborrow should there exist a Default or Event of Default. On the Closing Date, each of the Extending Lenders with a Revolving Commitment immediately prior to the Closing Date agrees to extend the termination date of its Revolving Commitment through and including the Revolving Commitment Termination Date. The Lenders acknowledge that the Revolving Commitment of the Non-Extending Lenders will not be extended and will terminate on the Existing Revolving Commitment Termination Date.

#### **Section 2.3. Procedure for Revolving Borrowings.**

The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Revolving Borrowing substantially in the form of Exhibit 2.3 (a "Notice of Revolving Borrowing") (x) prior to 2:00 p.m. one (1) Business Day prior to the requested date of each Base Rate Borrowing and (y) prior to 2:00 p.m. three (3) Business Days prior to the requested date of each Eurodollar Borrowing. Each Notice of Revolving Borrowing shall be irrevocable and shall specify: (i) the aggregate principal amount of such Borrowing, (ii) the date of such Borrowing (which shall be a Business Day), (iii) the

Type of such Revolving Loan comprising such Borrowing and (iv) in the case of a Eurodollar Borrowing, the duration of the initial Interest Period applicable thereto (subject to the provisions of the definition of Interest Period). Each Revolving Borrowing shall consist entirely of Base Rate Loans or Eurodollar Loans, as the Borrower may request. The aggregate principal amount of each Eurodollar Borrowing shall be not less than \$250,000 or a larger multiple of \$50,000, and the aggregate principal amount of each Base Rate Borrowing shall not be less than \$250,000 or a larger multiple of \$50,000; provided, that Base Rate Loans made pursuant to Section 2.4 or Section 2.22(d) may be made in lesser amounts as provided therein. At no time shall the total number of Eurodollar Borrowings outstanding at any time exceed 20. Promptly following the receipt of a Notice of Revolving Borrowing in accordance herewith, the Administrative Agent shall advise each Lender of the details thereof and the amount of such Lender's Revolving Loan to be made as part of the requested Revolving Borrowing. The Borrower agrees that it will not request any Revolving Borrowing to be funded or made available to the Borrower on the Existing Revolving Commitment Termination Date.

#### **Section 2.4. Swingline Commitment.**

(a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time not to exceed the lesser of (i) the Swingline Commitment then in effect and (ii) the difference between (x) the lesser of (1) the Aggregate Revolving Commitment and (2) the Borrowing Base in effect at such time *minus* (y) the aggregate Revolving Credit Exposures of all Lenders; *provided*, that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. The Borrower shall be entitled to borrow, repay and reborrow Swingline Loans in accordance with the terms and conditions of this Agreement.

(b) The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Swingline Borrowing substantially in the form of Exhibit 2.4 attached hereto ("Notice of Swingline Borrowing") prior to 10:00 a.m. on the requested date of each Swingline Borrowing. Each Notice of Swingline Borrowing shall be irrevocable and shall specify: (i) the principal amount of such Swingline Loan, (ii) the date of such Swingline Loan (which shall be a Business Day) and (iii) the account of the Borrower to which the proceeds of such Swingline Loan should be credited. The Administrative Agent will promptly advise the Swingline Lender of each Notice of Swingline Borrowing. Each Swingline Loan shall accrue interest at the Base Rate plus the Applicable Margin. The aggregate principal amount of each Swingline Loan shall be not less than \$100,000 or a larger multiple of \$50,000, or such other minimum amounts agreed to by the Swingline Lender and the Borrower. The Swingline Lender will make the proceeds of each Swingline Loan available to the Borrower in Dollars in immediately available funds at the account specified by the Borrower in the applicable Notice of Swingline Borrowing not later than 1:00 p.m. on the requested date of such Swingline Loan.

(c) The Swingline Lender, at any time and from time to time in its sole discretion, may, on behalf of the Borrower (which hereby irrevocably authorizes and directs the Swingline Lender to act on its behalf), and shall, on behalf of the Borrower (which hereby irrevocably authorizes and directs the Swingline Lender to act on its behalf) on the fifth (5<sup>th</sup>)

Business Day following each Swingline Borrowing give a Notice of Revolving Borrowing to the Administrative Agent requesting the Lenders (including the Swingline Lender) to make Base Rate Loans in an amount equal to the unpaid principal amount of any Swingline Loan. Each Lender will make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Swingline Lender in accordance with Section 2.7, which will be used solely for the repayment of such Swingline Loan.

(d) If for any reason a Base Rate Borrowing may not be (as determined in the sole discretion of the Administrative Agent), or is not, made in accordance with the foregoing provisions, then each Lender (other than the Swingline Lender) shall purchase an undivided participating interest in such Swingline Loan in an amount equal to its Pro Rata Share thereof on the date that such Base Rate Borrowing should have occurred. On the date of such required purchase, each Lender shall promptly transfer, in immediately available funds, the amount of its participating interest to the Administrative Agent for the account of the Swingline Lender.

(e) Each Lender's obligation to make a Base Rate Loan pursuant to Section 2.4(c) or to purchase the participating interests pursuant to Section 2.4(d) shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation (i) any setoff, counterclaim, recoupment, defense or other right that such Lender or any other Person may have or claim against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of any Lender's Revolving Commitment, (iii) the existence (or alleged existence) of any event or condition which has had or could reasonably be expected to have a Material Adverse Effect, (iv) any breach of this Agreement or any other Loan Document by the Borrower, the Administrative Agent or any Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If such amount is not in fact made available to the Swingline Lender by any Lender, the Swingline Lender shall be entitled to recover such amount on demand from such Lender, together with accrued interest thereon for each day from the date of demand thereof (i) at the Federal Funds Rate until the second Business Day after such demand and (ii) at the Base Rate at all times thereafter. Until such time as such Lender makes its required payment, the Swingline Lender shall be deemed to continue to have outstanding Swingline Loans in the amount of the unpaid participation for all purposes of the Loan Documents. In addition, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans and any other amounts due to it hereunder, to the Swingline Lender to fund the amount of such Lender's participation interest in such Swingline Loans that such Lender failed to fund pursuant to this Section 2.4, until such amount has been purchased in full.

(f) The Borrower agrees that it will not request any Swingline Borrowing to be funded or made available to the Borrower on the Existing Revolving Commitment Termination Date. Further, to the extent any Swingline Loans are outstanding on the Existing Revolving Commitment Termination Date, all such Swingline Loans shall be repaid in full on such date.

(g) If the Revolving Commitment Termination Date shall have occurred in respect of any tranche of Revolving Commitments at a time when another tranche of Revolving Commitments is in effect with a longer Revolving Commitment Termination Date as a result of an Extension, then on the earlier occurring Revolving Commitment Termination Date all then outstanding Swingline Loans shall be repaid in full on such date.

**Section 2.5. Term Loan Commitments; Term Loan A-2.**

(a) Subject to the terms and conditions set forth herein, certain Lenders severally agreed to make on the Prior Closing Date (i) a single term loan to the Borrower (the "Term Loan A") in a principal amount equal to the Term Loan A Commitment of such Lender and (ii) a single term loan to the Borrower (the "Term Loan A-1") in a principal amount equal to the Term Loan A-1 Commitment of such Lender.

(b) On the Closing Date, each of the Extending Lenders holding a Term Loan A immediately prior to the Closing Date agrees that such Term Loan A will be converted into a Term Loan A-2 of like outstanding principal amount. For purposes of this Agreement and the other Loan Documents, the Borrower and the Lenders acknowledge the making of the Term Loan A on the Prior Closing Date and agree that, on and after the Closing Date, the Term Loan A of each Extending Lender shall continue to be outstanding as a Term Loan A-2 and such Term Loan A-2 shall be a separate Class of Term Loans.

(c) Subject to the terms and conditions set forth herein, Deutsche Bank AG, New York Branch agrees to make on the Closing Date an additional Term Loan A-1 to the Borrower in a principal amount equal to the Additional Term Loan A-1 Commitment. Effective on the Closing Date, without constituting a novation, the Term Loan A-1 outstanding immediately prior to the Closing Date, together with the additional Term Loan A-1 made pursuant to the Additional Term Loan A-1 Commitment on the Closing Date, shall constitute the "Term Loan A-1", a single, undivided term loan outstanding under, and for all purposes of, the Credit Agreement and the other Loan Documents.

(d) The Term Loans may be, from time to time, Base Rate Loans or Eurodollar Loans or a combination thereof. Once repaid, Term Loans may not be reborrowed.

**Section 2.6. Funding of Borrowings.**

(a) Each Lender will make available each Loan to be made by it hereunder on the proposed date thereof by wire transfer in immediately available funds by 11:00 a.m. to the Administrative Agent at the Payment Office; provided, that the Swingline Loans will be made as set forth in Section 2.4. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts that it receives, in like funds by the close of business on such proposed date, to an account maintained by the Borrower with the Administrative Agent or at the Borrower's option, by effecting a wire transfer of such amounts to an account designated by the Borrower to the Administrative Agent.

(b) Unless the Administrative Agent shall have been notified by any Lender prior to 5:00 p.m. one (1) Business Day prior to the date of a Borrowing in which such Lender is to participate that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent, in reliance on such assumption, may make available to the Borrower on such date a

corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender on the date of such Borrowing, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest at the Federal Funds Rate until the second Business Day after such demand and thereafter at the Base Rate. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent together with interest at the rate specified for such Borrowing. Nothing in this subsection shall be deemed to relieve any Lender from its obligation to fund its Pro Rata Share of any Borrowing hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(c) All Revolving Borrowings shall be made by the Lenders on the basis of their respective Pro Rata Shares. No Lender shall be responsible for any default by any other Lender in its obligations hereunder, and each Lender shall be obligated to make its Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

### **Section 2.7. Interest Elections.**

(a) Each Borrowing initially shall be of the Type specified in the applicable Notice of Borrowing, and in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Notice of Borrowing. Thereafter, the Borrower may elect to convert such Borrowing into a different Type or to continue such Borrowing, and in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.7. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall NOT apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section 2.7, the Borrower shall give the Administrative Agent prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing substantially in the form of Exhibit 2.7 attached hereto (a "Notice of Conversion/Continuation") that is to be converted or continued, as the case may be, (x) prior to 10:00 a.m. one (1) Business Day prior to the requested date of a conversion into a Base Rate Borrowing and (y) prior to 11:00 a.m. three (3) Business Days prior to a continuation of or conversion into a Eurodollar Borrowing. Each such Notice of Conversion/Continuation shall be irrevocable and shall specify (i) the Borrowing to which such Notice of Conversion/Continuation applies and if different options are being elected with respect to different portions thereof, the portions thereof that are to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) shall be specified for each resulting Borrowing); (ii) the effective date of the election made pursuant to such Notice of Conversion/Continuation, which shall be a Business Day, (iii) whether the resulting Borrowing is to be a Base Rate Borrowing or a Eurodollar Borrowing; and (iv) if the resulting Borrowing is to be a Eurodollar Borrowing, the Interest Period applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of "Interest Period". If any such

Notice of Conversion/Continuation requests a Eurodollar Borrowing but does not specify an Interest Period, the Borrower shall be deemed to have selected an Interest Period of one (1) month. The principal amount of any resulting Borrowing shall satisfy the minimum borrowing amount for Eurodollar Borrowings and Base Rate Borrowings set forth in Section 2.3.

(c) If, on the expiration of any Interest Period in respect of any Eurodollar Borrowing, the Borrower shall have failed to deliver a Notice of Conversion/ Continuation, then, unless such Borrowing is repaid as provided herein, the Borrower shall be deemed to have elected to convert such Borrowing to a Base Rate Borrowing. No Borrowing may be converted into, or continued as, a Eurodollar Borrowing if a Default or an Event of Default exists, unless the Administrative Agent and each of the Lenders shall have otherwise consented in writing. No conversion of any Eurodollar Loans shall be permitted except on the last day of the Interest Period in respect thereof.

(d) Upon receipt of any Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

### **Section 2.8. Optional Reduction and Termination of Commitments.**

(a) Unless previously terminated, all Revolving Commitments, Swingline Commitments and LC Commitments shall terminate on the Revolving Commitment Termination Date; provided, that, the Borrower and the Lenders agree that the Revolving Commitments of the Non-Extending Lenders shall terminate on the Existing Revolving Commitment Termination Date. The Term Loan Commitments (other than the Additional Term Loan A-1 Commitment) terminated on the Prior Closing Date upon the making of such Term Loans. The Additional Term Loan A-1 Commitment will terminate on the Closing Date upon the making of the additional Term Loan A-1 pursuant to Section 2.5(c).

(b) Upon at least three (3) Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent (which notice shall be irrevocable; provided that any notice of prepayment delivered by the Borrower under this Section 2.8 may state that such notice is conditioned upon the effectiveness of other transactions, in which case such notice may be revoked or delayed by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied), the Borrower may reduce the Aggregate Revolving Commitments in part or terminate the Aggregate Revolving Commitments in whole; provided, that (i) any partial reduction shall apply to reduce proportionately and permanently the Revolving Commitment of each Lender, (ii) any partial reduction pursuant to this Section 2.8 shall be in an amount of at least \$5,000,000 and any larger multiple of \$1,000,000, and (iii) no such reduction shall be permitted which would reduce the Aggregate Revolving Commitment to an amount less than the Aggregate Revolving Credit Exposure. Any such reduction in the Aggregate Revolving Commitment below the principal amount of the Swingline Commitment or the LC Commitment shall result in a dollar-for-dollar reduction (rounded to the next lowest integral multiple of \$100,000) in the Swingline Commitment and the LC Commitment. Any reduction or termination of Revolving Commitments pursuant to this Section shall not be subject to reinstatement (other than increases pursuant to Section 2.24(a)). The Administrative Agent will promptly notify the Lenders upon receipt of any written request by the Borrower to reduce or terminate the Aggregate Revolving Commitments pursuant to this Section.

(c) The Borrower may terminate the unused amount of the Revolving Commitment of any Lender that is a Defaulting Lender upon not less than five (5) Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 2.23(a)(ii) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing, and (ii) such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Bank or any Lender may have against such Defaulting Lender.

### **Section 2.9. Repayment of Loans.**

(a) The outstanding principal amount of all Revolving Loans shall be due and payable (together with accrued and unpaid interest thereon) on the Revolving Commitment Termination Date. The Borrower and the Lenders agree that the outstanding principal amount of all Revolving Loans held by Non-Extending Lenders shall be due and payable (together with accrued and unpaid interest thereon), and shall be paid to such Lenders, on the Existing Revolving Commitment Termination Date.

(b) The principal amount of each Swingline Borrowing shall be due and payable (together with accrued and unpaid interest thereon) on the earlier of (i) the fifth Business Day following each Swingline Borrowing and (ii) the Revolving Commitment Termination Date. Without limiting the foregoing, to the extent any Swingline Loans are outstanding on the Existing Revolving Commitment Termination Date, all such Swingline Loans shall be repaid in full on such date.

(c) The Borrower and the Lenders acknowledge that, through the Closing Date (but without giving effect to the conversion contemplated by Section 2.5(b)), the Borrower has repaid a portion of (i) Term Loan A in an aggregate principal amount equal to \$6,250,000 and (ii) Term Loan A-1 in an aggregate principal amount equal to \$3,125,000. The Borrower and the Lenders further acknowledge and agree that, as of the Closing Date and after giving effect to the conversion of a portion of the Term Loan A into Term Loan A-2 pursuant to Section 2.5(b), the aggregate outstanding principal balance of (1) Term Loan A is \$6,249,999.97 and (2) Term Loan A-2 is \$87,500,000.03. The Borrower and the Lenders further acknowledge and agree that, immediately prior to the Closing Date, the aggregate outstanding principal balance of Term Loan A-1 is \$46,875,000, and after giving effect to the funding of Additional Term Loan A-1 Commitment on the Closing Date, the aggregate outstanding principal balance of Term Loan A-1 will be \$60,000,000.

(d) The Borrower unconditionally promises to pay to the Administrative Agent for the account of the Non-Extending Lenders holding the Term Loan A, on the last Business Day of each of March, June, September and December commencing on March 31, 2014, a principal amount equal to \$6,249,999.97 multiplied by (i) 1.25%, for the first three (3) such quarterly installments, (ii) 1.875%, for the next four (4) quarterly installments thereafter and



(iii) 2.5%, for the next eight (8) quarterly installments thereafter; provided, that, to the extent not previously paid, the aggregate unpaid principal balance of the Term Loan A shall be due and payable on the Term Loan A Maturity Date. Payments under this clause (d) shall be made to each Non-Extending Lender holding a Term Loan A based on such Lender's Pro Rata Share thereof and all such payments shall be adjusted from time to time to account for optional and mandatory prepayments made hereunder.

(e) The Borrower unconditionally promises to pay to the Administrative Agent for the account of the Lenders holding the Term Loan A-1, on the last Business Day of each of March, June, September and December commencing on March 31, 2014, a principal amount equal to \$60,000,000 multiplied by (i) 1.25%, for the first eight (8) such quarterly installments and (ii) 1.875%, for the next four (4) quarterly installments thereafter; provided, that, to the extent not previously paid, the aggregate unpaid principal balance of the Term Loan A-1 shall be due and payable on the Term Loan A-1 Maturity Date. Payments under this clause (e) shall be made to each Lender holding a Term Loan A-1 based on such Lender's Pro Rata Share thereof and all such payments shall be adjusted from time to time to account for optional and mandatory prepayments made hereunder.

(f) The Borrower unconditionally promises to pay to the Administrative Agent for the account of the Lenders holding the Term Loan A-2, on the last Business Day of each of March, June, September and December commencing on March 31, 2014, a principal amount equal to \$87,500,000.03 multiplied by (i) 1.25%, for the first eight (8) such quarterly installments, (ii) 1.875%, for the next four (4) quarterly installments thereafter and (iii) 2.5%, for the next eight (8) quarterly installments thereafter; provided, that, to the extent not previously paid, the aggregate unpaid principal balance of the Term Loan A-2 shall be due and payable on the Term Loan A-2 Maturity Date. Payments under this clause (f) shall be made to each Lender holding a Term Loan A-2 based on such Lender's Pro Rata Share thereof and all such payments shall be adjusted from time to time to account for optional and mandatory prepayments made hereunder.

(g) Not later than six (6) months prior to the Term Loan A-1 Maturity Date, any Lender holding all or any portion of Term Loan A-1 shall provide written notice to the Borrower of its election whether or not to extend the Term Loan A-1 Maturity Date in accordance with Section 2.25 for a period of two (2) years (it being agreed that any Extension with respect to Term Loan A-1 shall be for a minimum of two (2) years).

#### **Section 2.10. Evidence of Indebtedness.**

(a) Each Lender shall maintain in accordance with its usual practice appropriate records evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain appropriate records in which shall be recorded (i) the Revolving Commitment and Term Loan Commitment of each Lender, (ii) the amount of each Loan made hereunder by each Lender, the Class and Type thereof and, with respect to any Eurodollar Loan, the Interest Period applicable thereto, (iii) the date of each continuation thereof pursuant to Section 2.8, (iv) the date of each conversion of all or a portion thereof to another

Type pursuant to Section 2.8, (v) the date and amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder in respect of such Loans and (vi) both the date and amount of any sum received by the Administrative Agent hereunder from the Borrower in respect of the Loans and each Lender's Pro Rata Share thereof. The entries made in such records shall be *prima facie* evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, that the failure or delay of any Lender or the Administrative Agent in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans (both principal and unpaid accrued interest) of such Lender in accordance with the terms of this Agreement.

(b) At the request of any Lender at any time, the Borrower agrees that it will execute and deliver to such Lender a Revolving Credit Note, a Term Note A, a Term Note A-1 and/or a Swingline Note, payable to the order of such Lender.

### **Section 2.11. Optional Prepayments.**

The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty, by giving irrevocable written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent no later than (i) in the case of prepayment of any Eurodollar Borrowing, 11:00 a.m. not less than three (3) Business Days prior to any such prepayment, (ii) in the case of any prepayment of any Base Rate Borrowing, not less than one Business Day prior to the date of such prepayment, and (iii) in the case of Swingline Borrowings, prior to 11:00 a.m. on the date of such prepayment. Each such notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of each Borrowing or portion thereof to be prepaid. Upon receipt of any such notice, the Administrative Agent shall promptly notify each affected Lender of the contents thereof and of such Lender's Pro Rata Share of any such prepayment. If such notice is given, the aggregate amount specified in such notice shall be due and payable on the date designated in such notice, together with accrued interest to such date on the amount so prepaid in accordance with Section 2.14(e); provided, that if a Eurodollar Borrowing is prepaid on a date other than the last day of an Interest Period applicable thereto, the Borrower shall also pay all amounts required pursuant to Section 2.19. Each partial prepayment of any Loan (other than a Swingline Loan) shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type pursuant to Section 2.2 or in the case of a Swingline Loan pursuant to Section 2.4. Each prepayment of a Borrowing shall be applied ratably to the Loans comprising such Borrowing; provided, that, notwithstanding anything to the contrary herein, any prepayment of any Term Loan pursuant to this Section 2.11 shall be made on a pro rata basis to each of Term Loan A, Term Loan A-1 and Term Loan A-2 (with the application of such prepayment to be, as to each of Term Loan A, Term Loan A-1 and Term Loan A-2, to principal installments thereof in inverse order of maturity).

Notwithstanding anything to the contrary in this Agreement, any notice of prepayment delivered by the Borrower under this Section 2.11 may state that such notice is conditioned upon the effectiveness of other transactions, in which case such notice may be revoked or delayed by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

## **Section 2.12. Mandatory Prepayments.**

(a) Within ten (10) Business Days after the consummation of any sale or other disposition of Property (including the sale or other disposition of Receivables) by the Borrower or any Restricted Subsidiary if the aggregate fair market value of the consideration received by the Borrower or its Restricted Subsidiaries for such sale or other disposition, together with the aggregate fair market value of the consideration received by the Borrower or its Restricted Subsidiaries for all other such sales or other dispositions consummated during the period of twelve consecutive months immediately preceding the consummation of such sale or other disposition, exceeds \$25,000,000, the Borrower shall deliver an Officer's Certificate to the Administrative Agent and the Lenders (notifying the Administrative Agent and the Lenders thereof and certifying the amount of Net Cash Proceeds received from such sales or other dispositions during such period). Unless within five (5) Business Days after receipt of such Officer's Certificate the Administrative Agent, on behalf of the Required Lenders, shall have notified the Borrower of the Required Lenders' election to forego prepayment, then on the date that is seven (7) Business Days after the date on which the Borrower shall have delivered such Officer's Certificate to the Administrative Agent and the Lenders the Borrower shall make a prepayment of the Loans in an amount equal to the Ratable Share of the amount of Net Cash Proceeds certified in such Officer's Certificate (or such lesser principal amount as shall then be outstanding), at 100% of the principal amount so prepaid. Notwithstanding the foregoing, (i) up to 100% of the Net Cash Proceeds of such sales or other dispositions with respect to which the Borrower shall have given the Administrative Agent written notice (set forth in the applicable Officer's Certificate delivered pursuant to the first sentence of this clause (a)) of its intention to repair or replace the Property subject to any such sale or other disposition or invest such Net Cash Proceeds in the purchase of Property (other than securities, unless those securities represent equity interests in an entity that becomes a Guarantor or an Unrestricted Subsidiary permitted hereunder (and provided that if such Guarantor or Unrestricted Subsidiary is a newly formed Person, such Person shall promptly use the portion of the Net Cash Proceeds received by it for the sale of its equity interests in order to purchase Property to be used by it in its business)) to be used by one or more of the Borrower or the Guarantors in their businesses (such repair, replacement or investment referred to as a "Reinvestment") within six (6) months following such sale or other disposition, shall not be subject to the provisions of the first two sentences of this clause (a) unless and to the extent that such applicable period shall have expired without such repair, replacement or investment having been made, and (ii) only the Net Cash Proceeds from sales or other dispositions of Property (including the sale or other disposition of Receivables) with a fair market value of the consideration received therefor in excess of \$25,000,000 (above and beyond the fair market value of the consideration of the dispositions of the Property with respect to which the Net Cash Proceeds shall have been subject to Reinvestment) shall be subject to the provisions of the first two sentences of this clause (a).

(b) Any prepayments made by the Borrower pursuant to Section 2.12(a) above shall be applied by the Administrative Agent as follows: first to repay Term Loans on a pro rata basis as to each of Term Loan A, Term Loan A-1, Term Loan A-2 and, unless otherwise provided in the Incremental Facility Amendment applicable to the related Incremental Term Loan, each Incremental Term Loan (with the application of such prepayment to be, as to each of Term Loan A, Term Loan A-1, Term Loan A-2 and Incremental Term Loan, to the remaining scheduled principal installments owing in respect of each such Term Loan under Section 2.9(d),

(e) and (f), respectively (or, in the case of Incremental Term Loans, as set forth in the Incremental Facility Amendment applicable to the related Incremental Term Loan), on a pro rata basis (including the final installment due and payable on each such Term Loan)), second, to repay outstanding Swingline Loans and third to repay outstanding Revolving Loans. All prepayments in respect of Revolving Loans required under this clause (b) shall be accompanied by a concurrent, automatic, irrevocable reduction and partial termination of the Revolving Commitments in an amount equal to such required prepayment, with such reduction and partial termination allocated ratably among the Lenders in proportion to their respective Pro Rata Share.

(c) If at any time the Revolving Credit Exposure of all Revolving Lenders exceeds the Aggregate Revolving Commitment then in effect, the Borrower shall immediately repay Swingline Loans and Revolving Loans in an amount equal to such excess (with Swingline Loans being repaid first to the full extent thereof and next to Revolving Loans to the full extent thereof), in each case, together with all accrued and unpaid interest on such excess amount and any amounts due under Section 2.20. Each prepayment of Revolving Loans shall be applied first to the Revolving Base Rate Loans to the full extent thereof, and next to Revolving Eurodollar Loans to the full extent thereof. If such excess is greater than the outstanding principal amount of the Swingline Loans and Revolving Loans (such greater amount, the "Remaining Excess Amount"), the Borrower shall Cash Collateralize its reimbursement obligations with respect to the Letters of Credit by depositing cash collateral in an amount equal to the Remaining Excess Amount plus any accrued and unpaid fees thereon into a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "LC Collateral Account") at the Payment Office, in the name of the Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders and in which the Borrower shall have no interest other than as set forth in Section 8.2. The Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and the Issuing Bank, a Lien in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the LC Collateral Account in certificates of deposit of SunTrust Bank having a maturity not exceeding thirty (30) days. The LC Collateral Account shall be administered in accordance with Section 2.22(g) hereof. If, after the date that the Borrower Cash Collateralizes its reimbursement obligations pursuant to this clause (c), (x) the Revolving Credit Exposure of all Lenders is less than Aggregate Revolving Commitment, for a period of at least ten (10) consecutive Business Days, and (y) no Default or Event of Default then exists, the funds in the LC Collateral Account shall be released by the Administrative Agent to the Borrower.

(d) If at any time the Revolving Credit Exposure of all Revolving Lenders plus the aggregate principal amount in respect of the Term Loans then outstanding exceeds the Borrowing Base (without giving effect to clause (ii)(y) thereof) then in effect, the Borrower shall immediately repay the Loans (and, to the extent applicable, Cash Collateralize its reimbursement obligations with respect to the Letters of Credit) in an amount equal to such excess (or, if such excess exceeds \$10,000,000, the Ratable Share of such excess), together with all accrued and unpaid interest on such excess amount and any amounts due under Section 2.20. Each prepayment made under this clause (d) within a Class of Loans shall be applied first to the Base Rate Loans of such Class to the full extent thereof, and next to Eurodollar Loans of such Class to

the full extent thereof. Each prepayment required to be made under this clause (d) shall be applied ratably between the Revolving Facility (based on the Revolving Credit Exposure at such time) and the Term Loans then outstanding. In the case of prepayments and Cash Collateralization required under this clause (d) in respect of the Revolving Facility, such payments shall be applied by the Administrative Agent first, to the principal amount of outstanding Swingline Loans, second to the principal amount of outstanding Revolving Loans and third, with respect to any Letters of Credit then outstanding, to Cash Collateralize the Borrower's reimbursement obligations with respect to the Letters of Credit by depositing cash collateral in an LC Collateral Account in the manner and for the purposes described in clause (c) above. Prepayments required under this clause (d) in respect of the Term Loans shall be applied by the Administrative Agent to repay Term Loans on a pro rata basis as to each of Term Loan A, Term Loan A-1, Term Loan A-2 and, unless otherwise provided in the Incremental Facility Amendment applicable to the related Incremental Term Loan, each Incremental Term Loan (with the application of such prepayment to be, as to each of Term Loan A, Term Loan A-1, Term Loan A-2 and Incremental Term Loan, to the remaining scheduled principal installments owing in respect of each such Term Loan under Section 2.9(d), (e) and (f), respectively (or, in the case of Incremental Term Loans, as set forth in the Incremental Facility Amendment applicable to the related Incremental Term Loan), on a pro rata basis (including the final installment due and payable on each such Term Loan)). Any prepayment in respect of Revolving Loans required under this clause (d) shall not be required to be accompanied by, and shall not otherwise result in, a concurrent reduction or partial termination of the Revolving Commitments in the amount of such required prepayment.

### **Section 2.13. Interest on Loans.**

(a) The Borrower shall pay interest on each Base Rate Loan at the Base Rate in effect from time to time and on each Eurodollar Loan at the Adjusted LIBO Rate for the applicable Interest Period in effect for such Loan, *plus*, in each case, the Applicable Margin in effect from time to time.

(b) The Borrower shall pay interest on each Swingline Loan at the Base Rate *plus* the Applicable Margin in effect from time to time.

(c) Notwithstanding clauses (a) and (b) above, if an Event of Default has occurred and is continuing, at the option of the Required Lenders, and after acceleration (in which case, such increase shall be automatic), the Borrower shall pay interest ("Default Interest") with respect to all Eurodollar Loans at the rate per annum equal to 2.0% above the otherwise applicable interest rate for such Eurodollar Loans for the then-current Interest Period until the last day of such Interest Period, and thereafter, and with respect to all Base Rate Loans and all other Obligations hereunder (other than Loans), at the rate per annum equal to 2.0% above the otherwise applicable interest rate for Base Rate Loans.

(d) Interest on the principal amount of all Loans shall accrue from and including the date such Loans are made to but excluding the date of any repayment thereof. Interest on all outstanding Base Rate Loans shall be payable quarterly in arrears on the last day of each March, June, September and December and on the Existing Revolving Commitment Termination Date (but only in the case of Loans held by the Non-Extending Lenders), the Revolving

Commitment Termination Date, the Term Loan A Maturity Date, the Term Loan A-1 Maturity Date or the Term Loan A-2 Maturity Date, as the case may be. Interest on all outstanding Eurodollar Loans shall be payable on the last day of each Interest Period applicable thereto, and, in the case of any Eurodollar Loans having an Interest Period in excess of three months or 90 days, respectively, on each day which occurs every three months or 90 days, as the case may be, after the initial date of such Interest Period, and on the Existing Revolving Commitment Termination Date (but only in the case of Loans held by the Non-Extending Lenders), the Revolving Commitment Termination Date, the Term Loan A Maturity Date, the Term Loan A-1 Maturity Date or the Term Loan A-2 Maturity Date, as the case may be. Interest on each Swingline Loan shall be payable on the maturity date of such Loan, which shall be the fifth Business Day following such Swingline Borrowing, on the Existing Revolving Commitment Termination Date and on the Revolving Commitment Termination Date. Interest on any Loan which is converted into a Loan of another Type or which is repaid or prepaid shall be payable on the date of such conversion or on the date of any such repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(e) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder and shall promptly notify the Borrower and the Lenders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

#### **Section 2.14. Fees.**

(a) The Borrower shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon in writing by the Borrower and the Administrative Agent.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender with a Revolving Commitment a commitment fee, which shall accrue at the Applicable Percentage per annum (determined daily in accordance with Schedule I-A) on the daily amount of the unused Revolving Commitment of such Lender during the Availability Period. For purposes of computing commitment fees with respect to the Revolving Commitments, the Revolving Commitment of each Lender shall be deemed used to the extent of the outstanding Revolving Loans and LC Exposure, but not Swingline Exposure, of such Lender.

(c) The Borrower agrees to pay (i) to the Administrative Agent, for the account of each Lender with a Revolving Commitment, a letter of credit fee with respect to its participation in each Letter of Credit, which shall accrue at a rate per annum equal to the Applicable Margin for Eurodollar Loans then in effect on the average daily amount of such Lender's LC Exposure attributable to such Letter of Credit during the period from and including the date of issuance of such Letter of Credit to but excluding the date on which such Letter of Credit expires or is drawn in full (including without limitation any LC Exposure that remains outstanding after the Revolving Commitment Termination Date) and (ii) to the Issuing Bank for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the Availability Period (or until the date that such Letter of Credit is irrevocably cancelled, whichever is later), as well as the Issuing Bank's

standard fees with respect to issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Notwithstanding the foregoing, if the Required Lenders elect to increase the interest rate on the Loans to the Default Interest pursuant to Section 2.13(c), the rate per annum used to calculate the letter of credit fee pursuant to clause (i) above shall automatically be increased by an additional 2% per annum.

(d) The Borrower shall pay to the Administrative Agent, for the ratable benefit of each Lender, the upfront fee previously agreed upon by the Borrower and the Administrative Agent (or an affiliate of the Administrative Agent), if any, which shall be due and payable on the Closing Date.

(e) Accrued fees under paragraphs (b) and (c) above shall be payable (i) in the case of such fees accrued prior to the Closing Date under the Existing Credit Agreement, on the Closing Date and (ii) in the case of such fees accrued on and after the Closing Date, quarterly in arrears on the last day of each March, June, September and December, commencing on March 31, 2014, on the Existing Revolving Commitment Termination Date (but only in the case of Loans held by the Non-Extending Lenders) and on the Revolving Commitment Termination Date (and if later, the date the Loans and LC Exposure shall be repaid in their entirety); provided, that any such fees accruing after the Revolving Commitment Termination Date shall be payable on demand.

**Section 2.15. Computation of Interest and Fees.**

Interest hereunder based on the Administrative Agent's prime lending rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other computations of interest and fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed). Each determination by the Administrative Agent of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

**Section 2.16. Inability to Determine Interest Rates.**

If prior to the commencement of any Interest Period for any Eurodollar Borrowing,

(i) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant interbank market, adequate means do not exist for ascertaining LIBOR for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that the Adjusted LIBO Rate does not adequately and fairly reflect the cost to such Lenders of making, funding or maintaining their (or its, as the case may be) Eurodollar Loans for such Interest Period,

the Administrative Agent shall give written notice (or telephonic notice, promptly confirmed in writing) to the Borrower and to the Lenders as soon as practicable thereafter. Until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) the obligations of the Lenders to make Eurodollar Revolving Loans or to continue or convert outstanding Loans as or into Eurodollar Loans shall be suspended and (ii) all such affected Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto unless the Borrower prepays such Loans in accordance with this Agreement. Unless the Borrower notifies the Administrative Agent at least one Business Day before the date of any Eurodollar Revolving Borrowing for which a Notice of Revolving Borrowing or Notice of Conversion/Continuation has previously been given that it elects not to borrow on such date, then such Revolving Borrowing shall be made as a Base Rate Borrowing.

**Section 2.17. Illegality.**

If any Change in Law shall make it unlawful or impossible for any Lender to make, maintain or fund any Eurodollar Loan and such Lender shall so notify the Administrative Agent, the Administrative Agent shall promptly give notice thereof to the Borrower and the other Lenders, whereupon until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Revolving Loans, or to continue or convert outstanding Loans as or into Eurodollar Loans, shall be suspended. In the case of the making of a Eurodollar Revolving Borrowing, such Lender's Revolving Loan shall be made as a Base Rate Loan as part of the same Revolving Borrowing for the same Interest Period and if the affected Eurodollar Loan is then outstanding, such Loan shall be converted to a Base Rate Loan either (i) on the last day of the then current Interest Period applicable to such Eurodollar Loan if such Lender may lawfully continue to maintain such Loan to such date or (ii) immediately if such Lender shall determine that it may not lawfully continue to maintain such Eurodollar Loan to such date. Notwithstanding the foregoing, the affected Lender shall, prior to giving such notice to the Administrative Agent, designate a different Applicable Lending Office if such designation would avoid the need for giving such notice and if such designation would not otherwise be disadvantageous to such Lender in the good faith exercise of its discretion.

**Section 2.18. Increased Costs.**

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; or

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or



(iii) impose on any Lender or on the Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or any Loans made by such Lender or any Letter of Credit or any participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, the Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, the Issuing Bank or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Issuing Bank or other Recipient, the Borrower will pay to such Lender, the Issuing Bank or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, the Issuing Bank or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law affecting such Lender or the Issuing Bank or any lending office of such Lender or such Lender's or the Issuing Bank's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), then from time to time, the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender or Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section 2.18 shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate any Lender or the Issuing Bank pursuant to this Section 2.18 for any increased cost or reduction in respect of a period occurring more than six (6) months prior to the date that such Lender or the Issuing Bank notifies the Borrower of such intention to claim compensation therefor unless the circumstances giving rise to such increased cost or reduction became applicable retroactively, in which case no such time limitation shall apply so long as such Lender or the Issuing Bank requests compensation within six (6) months from the date such circumstances became applicable.

### **Section 2.19. Funding Indemnity.**

In the event of (a) the payment of any principal of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion or continuation of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure by the Borrower to borrow, prepay, convert or continue any Eurodollar Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked), then, in any such event, the Borrower shall compensate each Lender, within five (5) Business Days after written demand from such Lender, for any loss, cost or expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense shall be deemed to include an amount determined by such Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Eurodollar Loan if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Loan for the period from the date of such event to the last day of the then current Interest Period therefor (or in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan) over (B) the amount of interest that would accrue on the principal amount of such Eurodollar Loan for the same period if the Adjusted LIBO Rate were set on the date such Eurodollar Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Eurodollar Loan. A certificate as to any additional amount payable under this Section 2.19 submitted to the Borrower by any Lender (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

### **Section 2.20. Taxes.**

(a) For purposes of this Section, the term “Lender” includes the Issuing Bank and the term “applicable law” includes FATCA.

(b) Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) 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, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) The Borrower shall indemnify each Recipient, within 10 days after demand 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 or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified 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 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.

(e) Each Lender shall severally indemnify the Administrative Agent, within 10 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 10.4(d) 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 clause (e).

(f) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, 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 entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in clauses (ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is U.S. Person:

(A) 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 Lender becomes a Lender 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 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) 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 thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) 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, executed originals of IRS Form W-8BEN 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 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;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-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 Certificate”) and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/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 U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) 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 thereafter 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; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender 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 Lender 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 Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the Closing Date.

(h) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), 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). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 2.20(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 to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.20(h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.20(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 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 Section 2.20(h) 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.

Each Lender 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.

**Section 2.21. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.**

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.18, Section 2.19 or Section 2.20, or otherwise) prior to 12:00 noon on the date when due, in immediately available funds, free and clear of any defenses, rights of set-off, counterclaim, or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Section 2.18, Section 2.19 and Section 2.20 and Section 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, to the fees and reimbursable expenses of the Administrative Agent then due and payable pursuant to any of the Loan Documents, (ii) second, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (iii) third, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties, and (iv) fourth, towards payment of all other Obligations then due, ratably among the parties entitled thereto in accordance with the amounts of such Obligations then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its Pro Rata Share, then the Lender receiving such greater proportion shall (x) notify the Administrative Agent of such fact, and (y) purchase (for cash at face value) participations in the

Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that: (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to (1) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or (2) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) The Administrative Agent will promptly distribute amounts due hereunder to the Lenders from the Borrower only after such amounts have been paid by the Borrower to, and receipt thereof has been confirmed by, the Administrative Agent.

#### **Section 2.22. Letters of Credit.**

(a) During the Availability Period, the Issuing Bank, in reliance upon the agreements of the other Lenders pursuant to Section 2.22(e), agrees to issue, at the request of the Borrower, Letters of Credit for the account of the Borrower on the terms and conditions hereinafter set forth; provided, that (i) each Letter of Credit shall expire on the earlier of (A) the date one year after the date of issuance of such Letter of Credit (or in the case of any renewal or extension thereof, one year after such renewal or extension) and (B) the date that is five (5) Business Days prior to the Revolving Commitment Termination Date; (ii) each Letter of Credit shall be in a stated amount of at least \$100,000; and (iii) the Borrower may not request any Letter of Credit, if, after giving effect to such issuance (A) the aggregate LC Exposure would exceed the LC Commitment or (B) the aggregate Revolving Credit Exposure of all Lenders would exceed the lesser of (i) the Aggregate Revolving Commitment and (ii) the Borrowing Base, in each case, then in effect. Each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Bank without recourse a participation in each Letter of Credit equal to such Lender's Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit (i) on the Closing Date with respect to all Existing Letters of Credit and (ii) on the date of issuance with respect to all other Letters of Credit. Each issuance of a Letter of Credit shall be deemed to utilize the Revolving Commitment of each Lender by an amount equal to the amount of such participation. To the extent that any Letters of Credit are outstanding on the Existing Revolving Commitment Termination Date, (x) such Letters of Credit shall automatically be deemed to have been issued (including for purposes of the obligations of the Lenders to purchase participations therein and to make Revolving Loans and payments in respect thereof pursuant to Section 2.22) under (and ratably participated in by Lenders pursuant to) the Revolving Commitments of the Extending Lenders up to an aggregate

amount not to exceed the aggregate principal amount of the unutilized Revolving Commitments of such Extending Lenders at such time (it being understood that no partial face amount of any Letter of Credit may be so reallocated) and (y) to the extent not reallocated pursuant to immediately preceding clause (x), the Borrower shall Cash Collateralize any such Letter of Credit in a manner satisfactory to the Administrative Agent and the Issuing Bank but only up to the amount of such Letter of Credit not so reallocated.

(b) To request the issuance of a Letter of Credit (or any amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall give the Issuing Bank and the Administrative Agent irrevocable written notice at least three (3) Business Days prior to the requested date of such issuance specifying the date (which shall be a Business Day) such Letter of Credit is to be issued (or amended, extended or renewed, as the case may be), the expiration date of such Letter of Credit, the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. In addition to the satisfaction of the conditions in ARTICLE III, the issuance of such Letter of Credit (or any amendment which increases the amount of such Letter of Credit) will be subject to the further conditions that such Letter of Credit shall be in such form and contain such terms as the Issuing Bank shall approve and that the Borrower shall have executed and delivered any additional applications, agreements and instruments relating to such Letter of Credit as the Issuing Bank shall reasonably require; provided, that in the event of any conflict between such applications, agreements or instruments and this Agreement, the terms of this Agreement shall control.

(c) At least two (2) Business Days prior to the issuance of any Letter of Credit, the Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received such notice and if not, the Issuing Bank will provide the Administrative Agent with a copy thereof. Unless the Issuing Bank has received notice from the Administrative Agent on or before the Business Day immediately preceding the date the Issuing Bank is to issue the requested Letter of Credit (1) directing the Issuing Bank not to issue the Letter of Credit because such issuance is not then permitted hereunder because of the limitations set forth in Section 3.2 or that one or more conditions specified in ARTICLE III are not then satisfied, then, subject to the terms and conditions hereof, the Issuing Bank shall, on the requested date, issue such Letter of Credit in accordance with the Issuing Bank's usual and customary business practices.

(d) The Issuing Bank shall examine all documents purporting to represent a demand for payment under a Letter of Credit promptly following its receipt thereof. The Issuing Bank shall notify the Borrower and the Administrative Agent of such demand for payment and whether the Issuing Bank has made or will make a LC Disbursement thereunder; provided, that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to such LC Disbursement. The Borrower shall be irrevocably and unconditionally obligated to reimburse the Issuing Bank for any LC Disbursements paid by the Issuing Bank in respect of such drawing, without presentment, demand or other formalities of any kind. Unless the Borrower shall have notified the Issuing Bank and the Administrative Agent prior to 11:00 a.m. on the Business Day immediately prior to the date on which such drawing is honored that the Borrower intends to reimburse the Issuing Bank for the amount of such drawing in funds other than from the



proceeds of Revolving Loans, the Borrower shall be deemed to have timely given a Notice of Revolving Borrowing to the Administrative Agent requesting the Lenders to make a Base Rate Borrowing on the date on which such drawing is honored in an exact amount due to the Issuing Bank; provided, that for purposes solely of such Borrowing, the conditions precedent set forth in Section 3.2 hereof shall not be applicable. The Administrative Agent shall notify the Lenders of such Borrowing in accordance with Section 2.3, and each Lender shall make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Issuing Bank in accordance with Section 2.7. The proceeds of such Borrowing shall be applied directly by the Administrative Agent to reimburse the Issuing Bank for such LC Disbursement.

(e) If for any reason a Base Rate Borrowing may not be (as determined in the sole discretion of the Administrative Agent), or is not, made in accordance with the foregoing provisions, then each Lender (other than the Issuing Bank) shall be obligated to fund the participation that such Lender purchased pursuant to subsection (a) in an amount equal to its Pro Rata Share of such LC Disbursement on and as of the date which such Base Rate Borrowing should have occurred. Each Lender's obligation to fund its participation shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation (i) any setoff, counterclaim, recoupment, defense or other right that such Lender or any other Person may have against the Issuing Bank or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of the Aggregate Revolving Commitments, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any of its Subsidiaries, (iv) any breach of this Agreement by the Borrower or any other Lender, (v) any amendment, renewal or extension of any Letter of Credit or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. On the date that such participation is required to be funded, each Lender shall promptly transfer, in immediately available funds, the amount of its participation to the Administrative Agent for the account of the Issuing Bank. Whenever, at any time after the Issuing Bank has received from any such Lender the funds for its participation in a LC Disbursement, the Issuing Bank (or the Administrative Agent on its behalf) receives any payment on account thereof, the Administrative Agent or the Issuing Bank, as the case may be, will distribute to such Lender its Pro Rata Share of such payment; provided, that if such payment is required to be returned for any reason to the Borrower or to a trustee, receiver, liquidator, custodian or similar official in any bankruptcy proceeding, such Lender will return to the Administrative Agent or the Issuing Bank any portion thereof previously distributed by the Administrative Agent or the Issuing Bank to it.

(f) To the extent that any Lender shall fail to pay any amount required to be paid pursuant to paragraphs (d) or (e) of this Section on the due date therefor, such Lender shall pay interest to the Issuing Bank (through the Administrative Agent) on such amount from such due date to the date such payment is made at a rate per annum equal to the Federal Funds Rate; provided, that if such Lender shall fail to make such payment to the Issuing Bank within three (3) Business Days of such due date, then, retroactively to the due date, such Lender shall be obligated to pay interest on such amount at the rate set forth in Section 2.14(d).

(g) If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders demanding that its reimbursement obligations with respect to the Letters of Credit be Cash Collateralized pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Issuing Bank and the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid fees thereon; provided, that such obligation to Cash Collateralize the reimbursement obligations of the Borrower with respect to Letters of Credit shall become effective immediately, and such deposit shall become immediately due and payable, without demand or notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Section 8.1. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Borrower agrees to execute any documents and/or certificates to effectuate the intent of this paragraph. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest and profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it had not been reimbursed and to the extent so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated, with the consent of the Required Lenders, be applied to satisfy other obligations of the Borrower under this Agreement and the other Loan Documents. If the Borrower is required to Cash Collateralize the reimbursement obligations of the Borrower with respect to Letters of Credit as a result of the occurrence of an Event of Default, such cash collateral so posted (to the extent not so applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(h) Promptly following the end of each calendar quarter, the Issuing Bank shall deliver (through the Administrative Agent) to each Lender and the Borrower a report describing the aggregate Letters of Credit outstanding at the end of such calendar quarter. Upon the request of any Lender from time to time, the Issuing Bank shall deliver to such Lender any other information reasonably requested by such Lender with respect to each Letter of Credit then outstanding.

(i) The Borrower's obligation to reimburse LC Disbursements hereunder shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under all circumstances whatsoever and irrespective of any of the following circumstances:

(i) Any lack of validity or enforceability of any Letter of Credit or this Agreement;

(ii) The existence of any claim, set-off, defense or other right which the Borrower or any Subsidiary or Affiliate of the Borrower may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons or entities for whom any such beneficiary or transferee may be acting), any Lender (including the Issuing Bank) or any other Person, whether in connection with this Agreement or the Letter of Credit or any document related hereto or thereto or any unrelated transaction;

(iii) Any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) Payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document to the Issuing Bank that does not comply with the terms of such Letter of Credit;

(v) Waiver by the Issuing Bank of any requirement that exists for the Issuing Bank's protection and not the protection of the Borrower or any waiver by the Issuing Bank which does not in fact materially prejudice the Borrower;

(vi) Honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;

(vii) Any payment made by the Issuing Bank in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by (x) the Uniform Commercial Code as in effect in the State of New York or (y) the "International Standby Practices 1998" (ISP98) (or such later revision as may be published by the Institute of International Banking Law & Practice on any date any Letter of Credit may be issued), as applicable;

(viii) Any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.22, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder; or

(ix) The existence of a Default or an Event of Default.

Neither the Administrative Agent, the Issuing Bank, the Lenders nor any Related Party of any of the foregoing shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to above), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided, that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any actual direct damages (as opposed to special, indirect (including claims for lost profits or other consequential damages), or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise due care when determining whether drafts or other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree, that in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised due care in each such determination. In furtherance of the foregoing

and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(j) Unless otherwise expressly agreed by the Issuing Bank and the Borrower when a Letter of Credit is issued and subject to applicable laws, (i) each standby Letter of Credit shall be governed by the "International Standby Practices 1998" (ISP98) (or such later revision as may be published by the Institute of International Banking Law & Practice on any date any Letter of Credit may be issued), (ii) each documentary Letter of Credit shall be governed by the Uniform Customs and Practices for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 (or such later revision as may be published by the International Chamber of Commerce on any date any Letter of Credit may be issued) and (iii) the Borrower shall specify the foregoing in each letter of credit application submitted for the issuance of a Letter of Credit.

### **Section 2.23. Defaulting Lenders.**

(a) Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Such 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 the definition of Required Lenders;

(ii) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to ARTICLE VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.8 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 such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Bank or the Swingline Lender hereunder; *third*, to Cash Collateralize the Issuing Bank's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.28; *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such 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 deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Bank's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.28; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Bank or the Swingline

Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Bank or the Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, 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 such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such 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 LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 3.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded LC Exposure and Swingline Exposure are held by the Lenders pro rata in accordance with the Commitments under the applicable Facility without giving effect to Section 2.23(a)(iv). 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 2.23(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

(iii) (A) No Defaulting Lender shall be entitled to receive any fee described in Section 2.14(b) 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).

(B) Each Defaulting Lender shall be entitled to receive a fee described in Section 2.14(c)(i) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Revolver Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.28.

(C) With respect to any fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's LC Exposure or Swingline Exposure that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the Issuing Bank and the Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the Issuing Bank's or the Swingline Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) All or any part of such Defaulting Lender's LC Exposure and Swingline Exposure shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Revolver Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 3.2 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) If the reallocation described in clause (iv) immediately above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, prepay Swingline Loans in an amount equal to the Swingline Lender's Fronting Exposure and (y) second, Cash Collateralize the Issuing Bank's Fronting Exposure in accordance with the procedures set forth in Section 2.28.

(b) If the Borrower, the Administrative Agent, the each Swingline Lender and the Issuing Bank agree in writing that a Lender is no longer a Defaulting 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 at par 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 Loans and the LC Exposure and Swingline Exposure to be held pro rata by the Lenders in accordance with the Commitments under the applicable Facility (without giving effect to Section 2.23(a)(ii)), whereupon such 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.

(c) So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) the Issuing Bank shall not be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

#### **Section 2.24. Incremental Credit Extensions.**

(a) From time to time on or after the Closing Date, subject to the terms and conditions set forth herein, the Borrower may, upon ten (10) Business Days' prior written notice to the Administrative Agent (whereupon the Administrative Agent shall promptly deliver a copy to each of the Lenders), request to add one or more additional tranches of term loans (the

“Incremental Term Loans”) or one or more increases in the Revolving Commitments (the “Incremental Revolving Commitments”; together with the Incremental Term Loans, the “Incremental Facilities”), provided that at the time of the effectiveness of each Incremental Facility Amendment (i) no Default or Event of Default has occurred and is continuing or shall result therefrom, (ii) the Borrower and its Restricted Subsidiaries shall be in pro forma compliance with each of the covenants set forth in ARTICLE VI as of the last day of the most recently ended Fiscal Quarter after giving effect to such Incremental Revolving Commitments (assuming for such purpose that such Incremental Revolving Commitments are fully drawn at such time) or Incremental Term Loans, as applicable, (iii) each of the conditions set forth in Section 3.2 shall have been satisfied and (iv) the Administrative Agent shall have received from the Borrower such legal opinions, resolutions, certificates and other documents as the Administrative Agent may reasonably request. Notwithstanding anything to the contrary herein, the aggregate principal amount of all Incremental Facilities on and after the Closing Date shall not exceed the sum of \$250,000,000. Each Incremental Facility shall be in an integral multiple of \$5,000,000 and be in an aggregate principal amount that is not less than \$10,000,000 in case of Incremental Term Loans or \$10,000,000 in case of Incremental Revolving Commitments, provided that such amount may be less than the applicable minimum amount if such amount represents all the remaining availability hereunder as set forth above or if the Administrative Agent agrees in writing to a lesser minimum amount. Each Incremental Facility shall rank *pari passu* in right of payment, and shall have the same guarantees as, and be secured by the same Collateral securing, all of the other Obligations hereunder.

(b) Any Incremental Term Loans (i) for purposes of prepayments, shall be treated substantially the same as (and in any event no more favorably than) the Term Loan A-1 and the Term Loan A-2 and (ii) other than amortization, pricing or maturity date, shall have the same terms as Term Loan A-2 or such other terms as are reasonably satisfactory to the Administrative Agent; provided that (A) any Incremental Term Loan shall not have a final maturity date earlier than the then Latest Maturity Date and (B) any Incremental Term Loan shall not have a Weighted Average Life to Maturity that is shorter than the Weighted Average Life to Maturity of the then-remaining Term Loan A-1 and Term Loan A-2.

(c) Any Incremental Revolving Commitment shall be on the same terms and conditions as, and pursuant to the same documentation as applicable to, the Revolving Commitments; provided that the maturity date of such Incremental Revolving Commitment shall be no earlier than the Revolving Commitment Termination Date. From and after the making of an Incremental Term Loan or the addition of any Incremental Revolving Commitments pursuant to this Section, such Incremental Term Loan and such revolving loan funded pursuant to an Incremental Revolving Commitment shall be deemed a “Loan”, “Term Loan” and/or “Revolving Loan”, as applicable, hereunder for all purposes hereof, and, except as set forth in clause (b) immediately above with respect to Incremental Term Loans, shall be subject to the same terms and conditions as each other Term Loan or Revolving Loan made pursuant to this Agreement.

(d) Each notice from the Borrower pursuant to this Section shall set forth the requested amount and proposed terms of the relevant Incremental Term Loans and/or Incremental Revolving Commitments. Each Lender shall have the right for a period of ten (10) days following receipt of such notice, to elect by written notice to the Borrower and the Administrative Agent to provide the requested Incremental Facility by a principal amount equal

to its Pro Rata Share of such Incremental Facility. Any Lender who does not respond within such 10 day period shall be deemed to have elected not to provide such Incremental Facility. If any Lender shall elect not to provide such Incremental Facility pursuant to this Section 2.24, the Borrower may designate any other bank or other financial institution (which may be, but need not be, one or more of the existing Lenders), which agrees to provide such Incremental Facility (any such other bank or other financial institution being called an "Additional Lender") and in the case of any Additional Lender, agrees to become a party to this Agreement, *provided* that the Issuing Bank (in the case of an increase through an Incremental Revolving Commitment) and the Administrative Agent shall have consented (such consent not to be unreasonably withheld) to such Lender's or Additional Lender's making such Incremental Term Loans or providing such Incremental Revolving Commitment if such consent would be required under Section 10.4(b) for an assignment of Loans or Revolving Commitments, as applicable, to such Lender or Additional Lender. Any Additional Lender shall become a Lender under this Agreement pursuant to an amendment (an "Incremental Facility Amendment") to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, such Additional Lender and the Administrative Agent. No Incremental Facility Amendment shall require the consent of any Lenders other than the Additional Lenders and/or any existing Lender who has elected to provide any Incremental Term Loans or increase its Revolving Commitment with respect to such Incremental Facility Amendment. No Lender shall be obligated to provide any Incremental Term Loans or Incremental Revolving Commitments, unless it so agrees. Commitments in respect of any Incremental Term Loans or Incremental Revolving Commitments shall become Commitments under this Agreement. An Incremental Facility Amendment may, without the consent of any other Lenders, effect such amendments to any Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section. Upon each increase in the Revolving Commitments pursuant to this Section, (a) each Lender holding a Revolving Commitment immediately prior to such increase will automatically and without further act be deemed to have assigned to each Lender providing a portion of the Incremental Revolving Commitment (each a "Incremental Revolving Lender") in respect of such increase, and each such Incremental Revolving Lender will automatically and without further act be deemed to have assumed, a portion of such Lender's participations hereunder in outstanding Letters of Credit and Swingline Loans such that, after giving effect to each such deemed assignment and assumption of participations, the percentage of the aggregate outstanding (i) participations hereunder in Letters of Credit and (ii) participations hereunder in Swingline Loans held by each Lender holding a Revolving Commitment (including each such Incremental Revolving Lender) will equal its Pro Rata Share and (b) if, on the date of such increase, there are any Revolving Loans outstanding, such Revolving Loans shall on or prior to the effectiveness of such increase of the Revolving Commitments be prepaid from the proceeds of additional Revolving Loans made hereunder (reflecting such increase in Revolving Commitments), which prepayment shall be accompanied by accrued interest on the Revolving Loans being prepaid and any costs incurred by any Lender in accordance with Section 2.19. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, *pro rata* borrowing and *pro rata* payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence. This Section 2.24(d) shall supersede any provisions in Section 2.21(a) and Section 10.2 to the contrary.



## Section 2.25. Maturity Extensions.

(a) Notwithstanding anything to the contrary in this Agreement (but subject to Section 2.9(g)), pursuant to one or more offers (each, an "Extension Offer") made from time to time by the Borrower to all Lenders of Term Loans with a like maturity date or Revolving Commitments with a like maturity date, in each case on a pro rata basis (based on the aggregate outstanding principal amount of the respective Term Loans or Revolving Commitments with a like maturity date, as the case may be) and on the same terms to each such Lender, the Borrower is hereby permitted to consummate from time to time transactions with individual Lenders that accept the terms contained in such Extension Offers to extend the maturity date of each such Lender's Term Loans and/or Revolving Commitments and otherwise modify the terms of such Term Loans and/or Revolving Commitments pursuant to the terms of the relevant Extension Offer (including, without limitation, by increasing or decreasing the interest rate or fees payable in respect of such Term Loans and/or Revolving Commitments (and related outstandings) and/or modifying the amortization schedule in respect of such Lender's Term Loans) (each, an "Extension"), so long as the following terms are satisfied: (i) no Default or Event of Default shall have occurred and be continuing at the time the offering document in respect of an Extension Offer is delivered to the Lenders or after giving effect to such Extension, (ii) except as to interest rates, fees and final maturity (which shall be determined by the Borrower and set forth in the relevant Extension Offer), the Revolving Commitment of any Lender that agrees to an Extension with respect to such Revolving Commitment extended pursuant to an Extension (an "Extended Revolving Commitment"), and the related outstandings, shall be a Revolving Commitment (or related outstandings, as the case may be) with the same terms as the original Revolving Commitments being extended (and related outstandings); provided that (1) the borrowing and repayment (except for (A) payments of interest and fees at different rates on Extended Revolving Commitments (and related outstandings), (B) repayments required upon the maturity date of the non-extending Revolving Commitments and (C) repayment made in connection with a permanent repayment and termination of commitments) of Loans with respect to Extended Revolving Commitments after the applicable Extension date shall be made on a pro rata basis with all other Revolving Commitments, (2) the permanent repayment of Revolving Loans with respect to, and termination of, Extended Revolving Commitments after the applicable Extension date shall be made on a pro rata basis with all other Revolving 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 and (3) assignments and participations of Extended Revolving Commitments and Extended Revolving Loans shall be governed by the same assignment and participation provisions applicable to Revolving Commitments and Revolving Loans so extended, (iii) except as to interest rates, fees, amortization, final maturity date, premium, required prepayment dates and participation in prepayments (which shall, subject to immediately succeeding clauses (iv), (v) and (vi), be determined between the Borrower and the Extending Term Lenders and be set forth in the relevant Extension Offer), the Term Loans of any Lender that agrees to an Extension with respect to such Term Loans (an "Extending Term Lender") extended pursuant to any Extension ("Extended Term Loans") shall have the same terms as the tranche of Term Loans subject to such Extension Offer, (iv) the final maturity date of any Extended Term Loans shall be no earlier than the Latest Maturity Date, (v) the Weighted Average Life to Maturity of any Extended Term Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Term Loans extended thereby, (vi) any Extended Term Loans may participate on a pro rata basis or a less than pro rata basis (but not greater than a pro rata basis) in any voluntary or

mandatory repayments or prepayments hereunder, in each case as specified in the respective Extension Offer, (vii) if the aggregate principal amount of Term Loans (calculated on the face amount thereof) or Revolving Commitments, as the case may be, in respect of which relevant Lenders shall have accepted the relevant Extension Offer shall exceed the maximum aggregate principal amount of Term Loans or Revolving Commitments, as the case may be, offered to be extended by the Borrower pursuant to such Extension Offer, then the Term Loans or Revolving Loans, as the case may be, of such Lenders shall be extended ratably up to such maximum amount based on the respective principal amounts (but not to exceed actual holdings of record) with respect to which such Lenders have accepted such Extension Offer, (viii) all documentation in respect of such Extension shall be consistent with the foregoing, (ix) any applicable Minimum Extension Condition (as defined in clause (b) below) shall be satisfied unless waived by the Borrower and (x) at no time shall there be (A) Revolving Commitments hereunder which have more than two different maturity dates and (B) Term Loans hereunder which have more than three different maturity dates, unless, in either case, the Administrative Agent agrees to permit additional maturity dates. For the avoidance of doubt, no Lender shall be obligated or otherwise required to participate in any Extension without its express consent.

(b) With respect to all Extensions consummated by the Borrower pursuant to this Section, (i) such Extensions shall not constitute voluntary or mandatory payments or prepayments for purposes of Section 2.11 or Section 2.12 and (ii) each Extension Offer is required to be in a minimum amount of \$10,000,000; provided that the Borrower may at its election specify as a condition (a "Minimum Extension Condition") to consummating any such Extension that a minimum amount (to be determined and specified in the relevant Extension Offer in the Borrower's sole discretion and may be waived by the Borrower) of Term Loans or Revolving Commitments (as applicable) of any or all applicable tranches be tendered. The Administrative Agent and the Lenders hereby consent to the transactions contemplated by this Section (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Term Loans and/or Extended Revolving Commitments on the such terms as may be set forth in the relevant Extension Offer) and hereby waive the requirements of any provision of this Agreement or any other Loan Document that may otherwise prohibit any such Extension or any other transaction contemplated by this Section.

(c) No consent of any Lender or the Administrative Agent shall be required to effectuate any Extension, other than (A) the consent of each Lender agreeing to such Extension with respect to one or more of its Term Loans and/or Revolving Commitments (or a portion thereof) and (B) with respect to any Extension of the Revolving Commitments, the consent of the Issuing Bank and Swingline Lender. All Extended Term Loans, Extended Revolving Loans, Extended Revolving Commitments and all obligations in respect thereof shall be Obligations under the Loan Documents that are secured by the Collateral on a *pari passu* basis with all other applicable Obligations under the Loan Documents. Each of the parties hereto hereby agrees that the Administrative Agent and the Borrower may, without the consent of any 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 and any Extension (including any amendments necessary to treat the Loans and Commitments subject thereto as Extended Term Loans, Extended Revolving Loans and/or Extended Revolving Commitments and as a separate "Tranche" and "Class" hereunder of Loans and Commitments, as the case may be). In addition, if so provided in such

amendment and with the consent of the Issuing Bank and the Swingline Lender, as applicable, participations in Letters of Credit and Swingline Loans expiring on or after the Revolving Commitment Termination Date in respect of Revolving Loans and Revolving Commitments shall be re-allocated from Lenders holding Revolving Commitments to Lenders holding Extended Revolving Commitments in accordance with the terms of such amendment; provided that such participation interests shall, upon receipt thereof by the relevant Lenders holding Revolving Commitments, be deemed to be participation interests in respect of such Revolving Commitments and the terms of such participation interests (including, without limitation, the commission applicable thereto) shall be adjusted accordingly.

(d) In connection with any Extension, the Borrower shall provide the Administrative Agent at least ten (10) Business Days (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and shall agree to such procedures (including, without limitation, regarding timing, rounding and other adjustments and to ensure reasonable administrative management of the credit facilities hereunder after such Extension), 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.

(e) If the Revolving Commitment Termination Date in respect of any tranche of Revolving Commitments occurs prior to the expiration of any Letter of Credit, then (i) if another tranche of Revolving Commitments in respect of which the Revolving Commitment Termination Date shall not have occurred is then in effect, such Letters of Credit shall automatically be deemed to have been issued (including for purposes of the obligations of the Lenders to purchase participations therein and to make Revolving Loans and payments in respect thereof pursuant to Section 2.22.) under (and ratably participated in by Lenders pursuant to) the Revolving Commitments in respect of such non-terminating tranches up to an aggregate amount not to exceed the aggregate principal amount of the unutilized Revolving 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), the Borrower shall Cash Collateralize any such Letter of Credit in a manner satisfactory to the Administrative Agent and the Issuing Bank but only up to the amount of such Letter of Credit not so reallocated. Except to the extent of reallocations of participations pursuant to clause (i) of the immediately preceding sentence, the occurrence of a Revolving Commitment Termination Date with respect to a given tranche of Revolving Commitments shall have no effect upon (and shall not diminish) the percentage participations of the Lenders in any Letter of Credit issued before such Revolving Commitment Termination Date.

(f) Notwithstanding anything in this Agreement to the contrary, each Lender hereby irrevocably authorizes the Administrative Agent on its behalf, and without further consent, to enter into amendments or modifications to this Agreement or any of the other Loan Documents or to enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to effectuate the terms of this Section 2.25; provided that no amendment or modification shall result in any increase in the amount of any Lender's Commitment or any increase in any Lender's Pro Rata Share, in each case, without the written consent of such affected Lender.

### **Section 2.26. Mitigation of Obligations.**

If any Lender requests compensation under Section 2.18, or if 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 2.20, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.18 or Section 2.20, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all costs and expenses incurred by any Lender in connection with such designation or assignment.

### **Section 2.27. Replacement of Lenders.**

If (a) any Lender requests compensation under Section 2.18, (b) 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 2.20, (c) any Lender is a Defaulting Lender, or (d) in connection with any proposed amendment, waiver, or consent, the consent of all of the Lenders, or all of the Lenders directly affected thereby, is required pursuant to Section 10.2, and any such Lender refuses to consent to such amendment, waiver or consent as to which the Required Lenders have consented, then, in each case, the Borrower may, at its sole expense and effort (but without prejudice to any rights or remedies the Borrower may have against such Defaulting Lender), upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 10.4(b)) all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender but excluding any Defaulting Lender); provided, that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, (ii) prior to, or contemporaneous with, the replacement of such Lender, such Lender shall have received payment of an amount equal to the outstanding principal amount of all Loans owed to it, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (in the case of such outstanding principal and accrued interest) and from the Borrower (in the case of all other amounts), (iii) in the case of a claim for compensation under Section 2.18 or payments required to be made pursuant to Section 2.20, such assignment will result in a reduction in such compensation or payments and (iv) in the case of clause (d) above, the assignee Lender shall have agreed to provide its consent to the requested amendment, waiver or consent.

### **Section 2.28. Cash Collateral For Defaulting Lenders.**

At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or the Issuing Bank (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize the Issuing Bank's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.23(a)(iv)) and any Cash Collateral provided by or in respect of such Defaulting Lender) in an amount not less than 103% of the Fronting Exposure in respect of all Letters of Credit issued and outstanding at such time.

(a) The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the Issuing Bank, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligations in respect of LC Exposure, to be applied pursuant to clause (b) immediately below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Issuing Bank as herein provided, or that the total amount of such Cash Collateral is less than 103% of the Fronting Exposure in respect of all Letters of Credit issued and outstanding at such time, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by or in respect of the Defaulting Lender).

(b) Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section or Section 2.23 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation in respect of its LC Exposure (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) Cash Collateral (or the appropriate portion thereof) provided to reduce the Issuing Bank's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent and the Issuing Bank that there exists excess Cash Collateral; provided that, subject to Section 2.23, the Borrower or other Person providing Cash Collateral and the Issuing Bank may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations and provided further that to the extent that such Cash Collateral to be so held was provided by the Borrower, such Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

### ARTICLE III

#### CONDITIONS PRECEDENT TO LOANS AND LETTERS OF CREDIT

##### **Section 3.1. Conditions To Effectiveness.**

The obligations of the Lenders (including the Swingline Lender) to make the initial Loans and the obligation of the Issuing Bank to issue any initial Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2).

(a) The Administrative Agent shall have received payment of all fees, expenses and other amounts due and payable on or prior to the Prior Closing Date, including reimbursement or payment of all out-of-pocket expenses (including reasonable fees, charges and disbursements of counsel to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder, under any other Loan Document and under any agreement with the Administrative Agent or the Arrangers (including the Fee Letter).

- (b) The Administrative Agent (or its counsel) shall have received the following, each to be in form and substance satisfactory to the Lenders:
- (i) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement;
  - (ii) duly executed Notes payable to any Lender requesting a Note, if so requested;
  - (iii) the Guaranty Agreement duly executed by each Subsidiary required to execute the Guaranty Agreement in connection with the Existing Credit Agreement or otherwise required pursuant to Section 5.10;
  - (iv) the Pledge and Security Agreement duly executed by each of the Loan Parties and the Intellectual Property Security Agreements duly executed by the applicable Loan Parties having rights in intellectual property subject to such agreements;
  - (v) an amendment to, or an amendment and restatement of, the Prudential Senior Secured Note Agreement duly executed by each party thereto;
  - (vi) the Intercreditor Agreement;
  - (vii) a certificate of the Secretary or Assistant Secretary of each Loan Party in the form of Exhibit 3.1(b)(vii), (a) attaching and certifying copies of (w) its bylaws, partnership agreement or limited liability company agreement, or comparable organizational documents, as applicable, and (x) resolutions of its board of directors, board of members or general partner, as applicable, authorizing the execution, delivery and performance of the Loan Documents to which it is a party, (y) its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents, as applicable, and (z) evidence of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of such Loan Party and each other jurisdiction where such Loan Party is required to be qualified to do business as a foreign entity and (b) certifying the name, title and true signature of each officer of such Loan Party executing the Loan Documents to which it is a party;
  - (viii) a certificate of the Chief Financial Officer of the Borrower that, after giving effect to the Credit Extensions made on the Prior Closing Date, neither the Borrower nor its Subsidiaries will be “insolvent,” within the meaning of such term as defined in § 101 of Title 11 of the United States Code, or be unable to pay its debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction, whether current or contemplated;

(ix) a favorable written opinion of (x) Pillsbury Winthrop Shaw Pittman LLC, counsel to the Loan Parties, and (y) Polsinelli Shughart PC, special Kansas counsel to Midland Credit Management, Inc., each addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated therein as the Administrative Agent or the Required Lenders shall reasonably request;

(x) a certificate in the form of Exhibit 3.1(b)(x), dated the Prior Closing Date and signed by a Responsible Officer:

(a) certifying that, after giving effect to the funding of any initial Loan or initial issuance of a Letter of Credit (x) no Default or Event of Default exists, (y) all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct and (z) since the date of the financial statements of the Borrower described in Section 4.4, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect;

(b) certifying that no litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries that (y) purports to enjoin or restrain any Lender from making a Credit Extension hereunder or (z) could reasonably be expected to have a Material Adverse Effect;

(c) attaching certified copies of all consents, approvals, authorizations, registrations and filings and orders required or advisable to be made or obtained under any Requirement of Law, or by any contractual obligation of each Loan Party, in connection with the execution, delivery, performance, validity and enforceability of the Loan Documents or any of the transactions contemplated thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any Governmental Authority regarding this Agreement or any transaction being financed with the proceeds hereof shall be ongoing; and

(d) attaching certified copies of all agreements, indentures or notes governing the terms of any Material Indebtedness and all other material agreements, documents and instruments to which any Loan Party or any of its assets are bound.

(xi) a duly executed Notice of Borrowing;

(xii) the results of a Lien search (including a search as to judgments, pending litigation, tax and intellectual property matters), in form and substance reasonably satisfactory to the Administrative Agent, made against the Loan Parties under the Uniform Commercial Code (or applicable judicial docket) as in effect in each jurisdiction

in which filings or recordations under the Uniform Commercial Code should be made to evidence or perfect security interests in all assets of such Loan Party, indicating among other things that the assets of each such Loan Party are free and clear of any Lien (except for Permitted Liens);

(xiii) evidence reasonably satisfactory to the Administrative Agent that at least sixty percent (60%) of all cash collections and other Receivables acquired by any Loan Party have, prior to the Prior Closing Date, been deposited in collection accounts maintained with one or more of the Lenders;

(xiv) (a) copies of audited consolidated financial statements for the Borrower and its Subsidiaries for the three fiscal years most recently ended for which financial statements are available and interim unaudited financial statements for each quarterly period ended since the last audited financial statements for which financial statements are available and (b) projections prepared by management of the Borrower of balance sheets and income statements of the Borrower and its Subsidiaries, which will be quarterly for the first year after the Prior Closing Date, and balance sheets, income statements and cash flow statements of the Borrower and its Subsidiaries, annually thereafter for the term of this Agreement;

(xv) a duly completed and executed Compliance Certificate of the Borrower including pro forma calculations establishing compliance with the financial covenants set forth in ARTICLE VI hereof as of the most recently completed fiscal quarter of the Borrower for which financial statements are available;

(xvi) all information the Administrative Agent and each Lender may request with respect to the Borrower and its Subsidiaries in order to comply with the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) and any other "know your customer" or similar laws or regulations; and

(xvii) certificates of insurance issued on behalf of insurers of the Loan Parties, describing in reasonable detail the types and amounts of insurance (property and liability) maintained by the Loan Parties, naming the Collateral Agent as additional insured on liability policies and lender loss payee endorsements for property and casualty policies.

(c) The Collateral Agent shall have received (i) the certificates, if any, evidencing the capital stock or other equity interests pledged pursuant to the Pledge and Security Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof, subject to Section 5.12 and (ii) each instrument pledged to the Collateral Agent pursuant to the Pledge and Security Agreement endorsed in blank (or accompanied by an executed transfer form in blank reasonably satisfactory to the Collateral Agent) by the pledgor thereof.

(d) Each document (including, without limitation, any Uniform Commercial Code financing statement) required by the Collateral Documents or under law or reasonably requested by the Collateral Agent to be executed, filed, registered or recorded in order to create in favor of the Collateral Agent, for the benefit of the Secured Parties, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than Permitted Liens), shall have been duly executed and delivered and/or be in proper form for filing, registration or recordation.



**Section 3.2. Each Credit Event.**

The obligation of each Lender to make a Loan on the occasion of any Borrowing and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit is subject to the satisfaction of the following conditions:

(a) at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall exist;

(b) at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, extension or renewal of such Letter of Credit, in each case before and after giving effect thereto;

(c) No order, judgment or decree of any arbitrator or Governmental Authority shall purport to enjoin or restrain any Lender from making such Credit Extension;

(d) If, after giving to effect to such Credit Extension and any repayment of Loans to be made on the date such Credit Extension is made, the Aggregate Revolving Credit Exposure will be increased above the amount of the Borrowing Base as shown on the then most recently delivered Borrowing Base Certificate, the Lenders and the Administrative Agent shall have received an updated Borrowing Base Certificate as of a later date demonstrating Borrowing Base availability to support such increased Aggregate Revolving Credit Exposure; and

(e) the Borrower shall have delivered a Notice of Borrowing (if applicable).

Each Borrowing and each issuance, amendment, extension or renewal of any Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b), (c) and (d) of this Section 3.2.

**Section 3.3. Delivery of Documents.**

All of the Loan Documents, certificates, legal opinions and other documents and papers referred to in this ARTICLE III, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and, except for the Notes, in sufficient counterparts or copies for each of the Lenders and shall be in form and substance satisfactory in all respects to the Administrative Agent.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and each Lender as follows:

#### **Section 4.1. Existence and Standing.**

Each of the Borrower and its Restricted Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company (a) duly and properly incorporated or organized, as the case may be, (b) validly existing and (c) (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except in the case of this clause (c) where failure to be in good standing or to be so authorized could not reasonably be expected to have a Material Adverse Effect (it being understood and agreed, for purposes of this Section, that the failure of the Borrower or its Restricted Subsidiaries to be in good standing or to be authorized to conduct its business in any jurisdiction where such failure could have a material and adverse impact on the ability of such Person to enforce or otherwise collect in the Receivables of such Person in any such jurisdiction shall be deemed to have a Material Adverse Effect).

#### **Section 4.2. Authorization and Validity.**

The Borrower has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper proceedings, and the Loan Documents to which the Borrower is a party constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by (i) bankruptcy, insolvency, fraudulent conveyances, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally; (ii) general equitable principles (whether considered in a proceeding in equity or at law); and (iii) requirements of reasonableness, good faith and fair dealing.

#### **Section 4.3. No Conflict; Government Consent.**

Neither the execution and delivery by the Borrower or its Restricted Subsidiaries, as applicable, of the Loan Documents to which such Person is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Restricted Subsidiaries or (ii) the Borrower's or any Restricted Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating agreement or other management agreement, as the case may be, or (iii) the provisions of any material indenture, instrument or agreement to which the Borrower or any of its Restricted Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with, or constitute a default

thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or a Restricted Subsidiary pursuant to the terms of, any such indenture, instrument or agreement, except, in the case of clause (i), for any such violation which could not reasonably be expected to have a Material Adverse Effect. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower or any of its Restricted Subsidiaries, is required to be obtained by the Borrower or any of its Restricted Subsidiaries in connection with the execution and delivery of the Loan Documents by the Borrower and the other Loan Parties, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

**Section 4.4. Financial Statements; No Material Adverse Change.**

The December 31, 2012 audited consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Administrative Agent and the Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operations of the Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended. Since December 31, 2012, there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower, any Guarantor, or the Borrower and its Restricted Subsidiaries taken together, in each case which could reasonably be expected to have a Material Adverse Effect

**Section 4.5. Litigation and Contingent Obligations.**

There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower or any of its Restricted Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions. Other than liabilities incident to any litigation, arbitration or proceeding which could not reasonably be expected to be in an aggregate amount in excess of \$5,000,000, none of the Borrower or its Restricted Subsidiaries has any material contingent obligations not provided for or disclosed in the financial statements referred to in Section 4.4.

**Section 4.6. Compliance with Laws.**

The Borrower and its Restricted Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property, except for any failure to comply which could not reasonably be expected to have a Material Adverse Effect.

#### **Section 4.7. Investment Company Act.**

Neither the Borrower nor any Subsidiary is an “investment company” or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

#### **Section 4.8. Taxes.**

Except as disclosed on Schedule 4.8, the Borrower and its Restricted Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or any of its Restricted Subsidiaries, except in respect of such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists (except as permitted by Section 7.2(a)). Except as disclosed on Schedule 4.8 and except as otherwise disclosed in writing to the Administrative Agent and the Lenders on or prior to the Closing Date, as of the Closing Date, none of the United States income tax returns of the Borrower and its Restricted Subsidiaries are being audited by the Internal Revenue Service. To the knowledge of any of the Borrower’s officers, no Liens have been filed, and no claims are being asserted with respect to such taxes. The charges, accruals and reserves on the books of the Borrower and its Restricted Subsidiaries in respect of any taxes or other governmental charges are adequate.

#### **Section 4.9. Regulation U.**

Neither the Borrower nor any of its Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate of buying or carrying margin stock (as defined in Regulation U), and after applying the proceeds of each Credit Extension, margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Borrower and its Restricted Subsidiaries which are subject to any limitation on sale, pledge, or any other restriction hereunder.

#### **Section 4.10. ERISA.**

The Unfunded Liabilities of all Single Employer Plans and all nonqualified deferred compensation arrangements do not in the aggregate exceed \$5,000,000. Neither the Borrower nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, within the meaning of Section 4201 of ERISA, any withdrawal liability to Multiemployer Plans in excess of an amount that would have a Material Adverse Effect. Each Plan complies in all material respects with all applicable requirements of law and regulations. No Reportable Event has occurred with respect to any Plan. Neither the Borrower nor any other member of the Controlled Group has withdrawn from any Multiemployer Plan within the meaning of Title IV of ERISA or initiated steps to do so, and no steps have been taken to reorganize or terminate, within the meaning of Title IV of ERISA, any Multiemployer Plan.

#### **Section 4.11. Ownership of Property.**

The Borrower and its Restricted Subsidiaries have good title, free of all Liens other than those permitted by Section 7.2, to all of the Property and assets reflected in the Borrower’s most recent consolidated financial statements provided to the Administrative Agent, as owned by the Borrower and its Restricted Subsidiaries, except for minor irregularities in title

that (i) do not materially interfere with the business or operations of the Borrower or its Restricted Subsidiaries as presently conducted and (ii) do not adversely affect the value of any of the Collateral in any material respect. Each of the Borrower and its Restricted Subsidiaries owns, or is licensed, or otherwise has the right, to use, all patents, trademarks, service marks, trade names, copyrights and other intellectual property to its business, and the use thereof by the Borrower and its Restricted Subsidiaries does not infringe in any respect on the rights of any other Person, except for any such infringement which could not reasonably be expected to have a Material Adverse Effect.

**Section 4.12. Accuracy of Information.**

No Loan Document or written statement furnished by the Borrower or any of its Restricted Subsidiaries to the Agents or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained, on the date such Loan Document was entered into or such statements were made, any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading in their presentation of the Borrower, its Restricted Subsidiaries, their businesses and their Property. The Borrower makes no representation or warranty concerning the forecasts, estimates, pro forma information, projections and statements as to anticipated future performance or conditions, and the assumptions on which they were based, except that as of the date made (i) such forecasts, estimates, pro forma information, projections and statements were based on good faith assumptions of the management of the Borrower and (ii) such assumptions were believed by such management to be reasonable; it being understood and agreed that such forecasts, estimates, pro forma information, projections and statements, and the assumptions on which they are based, may or may not prove to be correct. In addition, the information provided by or on behalf of the Loan Parties with respect to the Receivables owned or to be acquired by the Loan Parties (or the related purchase agreements) is, to the Borrower's knowledge and as of the date provided, true and correct in all material respects and, to the Borrower's knowledge, does not contain any material omissions which would cause such information to be materially misleading with respect to such Receivables, taken as a whole.

**Section 4.13. Environmental Matters.**

The Borrower is in compliance with all applicable Environmental Laws, except for any noncompliance which could not reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Restricted Subsidiary has received any notice to the effect that its operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

**Section 4.14. Subsidiaries.**

Schedule 4.14 contains an accurate list of all Subsidiaries of the Borrower as of the Prior Closing Date, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries and whether such Subsidiary, as of the Prior Closing Date, is an Immaterial Subsidiary. All of the issued and outstanding shares of capital stock or other ownership interests of the Restricted Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

**Section 4.15. Solvency.**

After giving effect to the execution and delivery of the Loan Documents, and the making of the Loans under this Agreement, neither the Borrower nor its Restricted Subsidiaries will be “insolvent,” within the meaning of such term as defined in § 101 of Title 11 of the United States Code, as amended from time to time, or be unable to pay its debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction, whether current or contemplated.

**Section 4.16. Insurance.**

The Borrower maintains, and has caused each Restricted Subsidiary to maintain, with financially sound and reputable insurance companies insurance on their Property as necessary to conduct their business in such amounts, subject to such deductibles and self-insurance retentions and covering such properties and risks as is consistent with sound business practice.

**Section 4.17. Sanctioned Person.**

Neither the Borrower nor any of its Subsidiaries or Encore Affiliates is a Sanctioned Person.

**Section 4.18. Anti-Terrorism; Anti-Money Laundering.**

Each of the Borrower and its Subsidiaries is in compliance with (i) the Trading with the Enemy Act, as amended, 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, (ii) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001) and (iii) the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) and any enabling legislation or executive order relating thereto (the foregoing (i)-(iii), collectively, “Anti-Terrorism Laws”). No part of the proceeds of any Loan, and no Letters of Credit, will be used, directly or indirectly (x) 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 or (y) to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country, or in any other manner that will result in any violation by any Person (including any Lender, the Administrative Agent, the Collateral Agent, the Issuing Bank or the Swingline Lender) of any Anti-Terrorism Laws.

**Section 4.19. Plan Assets; Prohibited Transactions.**

The Borrower is not an entity deemed to hold “plan assets” within the meaning of Section 3(42) of ERISA or 29 C.F.R. § 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Loans hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

**Section 4.20. Material Agreements.**

Except as described in Schedule 4.20, neither the Borrower nor any Restricted Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate or similar restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Restricted Subsidiary is in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any (i) agreement or instrument to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Material Indebtedness.

**Section 4.21. No Default or Event of Default.**

No Default or Event of Default has occurred and is continuing.

**ARTICLE V**

**AFFIRMATIVE COVENANTS**

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains unpaid or outstanding:

**Section 5.1. Financial Statements and Other Information.**

The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Administrative Agent and each Lender:

- (a) Within 90 days after the close of each of its fiscal years, financial statements prepared in accordance with Agreement Accounting Principles on a consolidated basis for itself and its Subsidiaries, including in each case balance sheets as of the end of such period, statements of income and statements of cash flows, accompanied by (a) in the case of such statements of the Borrower and its Subsidiaries, an audit report, unqualified as to scope, of BDO USA LLP or another nationally recognized firm of independent public accountants or other independent public accountants reasonably acceptable to the Required Lenders (provided that so long as the Borrower is a reporting company, filing of the Form 10-K by the Borrower with respect to a fiscal year within such 90-day period on the website of the Securities and Exchange Commission at <http://www.sec.gov> shall satisfy the requirement for the annual audit report and consolidated financial statements for such fiscal year under this clause (a) with respect to the statements of the Borrower and all of its Subsidiaries) and
- (b) any management letter prepared by said accountants;

(b) Within 45 days after the close of the first three quarterly periods (commencing with the fiscal quarter ending September 30, 2012) of each of its fiscal years, for itself and its Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated statements of income and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified as to fairness of presentation, compliance with Agreement Accounting Principles and consistency by its chief financial officer, treasurer or assistant treasurer (provided that so long as the Borrower is a reporting company, filing of the Form 10-Q by the Borrower with respect to a fiscal quarter within such 45-day period on the website of the Securities and Exchange Commission at <http://www.sec.gov> shall satisfy the requirement for certified quarterly consolidated financial statements for such fiscal quarter under this clause (b) with respect to the statements of the Borrower and all of its Subsidiaries);

(c) together with the delivery of the financial statements referred to in clauses (a) and (b) above, a Compliance Certificate signed by its chief financial officer, treasurer or assistant treasurer showing (i) the calculations necessary to determine compliance with the relevant provisions of this Agreement, an officer's certificate in substantially the form of Exhibit 5.1(c) stating that no Default or Event Default exists, or if any Default or Event of Default exists, stating the nature and status thereof, and a certificate executed and delivered by the chief executive officer or chief financial officer stating that the Borrower and each of its principal officers are in compliance with all requirements of Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 and all rules and regulations related thereto (provided that so long as the Borrower is a reporting company, delivery of the certificates required pursuant to clauses (a) and (b) above shall satisfy the requirement for such certification of compliance with the Sarbanes-Oxley Act under this clause (c)) and (ii) each of the Restricted Subsidiaries and Unrestricted Subsidiaries as of the last day of the applicable reporting period and of any new Subsidiary of the Borrower formed or acquired during such reporting period;

(d) simultaneously with the delivery of each set of consolidated financial statements referred to in clauses (a) and (b) above, the related consolidating financial statements of the Borrower and its Restricted Subsidiaries reflecting all adjustments necessary to eliminate the results of operations, cash flows, accounts and other assets and Indebtedness or other liabilities of Unrestricted Subsidiaries (if any) from such consolidated financial statements;

(e) As soon as possible and in any event within 10 days after the Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the chief financial officer, treasurer or assistant treasurer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto;



(f) As soon as possible and in any event within 10 days after receipt by the Borrower, a copy of (a) any notice or claim to the effect that the Borrower or any of its Restricted Subsidiaries is or may be liable to any Person as a result of the release by the Borrower, any of its Restricted Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Borrower or any of its Restricted Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect;

(g) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Borrower or any of its Restricted Subsidiaries files with the Securities and Exchange Commission, including, without limitation, all certifications and other filings required by Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 and all rules and regulations related thereto;

(h) As soon as practicable, and in any event within 90 days after the beginning of each fiscal year of the Borrower, a copy of the plan and forecast (including a projected consolidated balance sheet, income statement and funds flow statement) of the Borrower for such fiscal year;

(i) As soon as possible, and in any event within three (3) Business Days (in the case of the Borrower) and 15 days (in the case of any Guarantor) after the occurrence thereof, a reasonably detailed notification to the Administrative Agent and its counsel of any change in the jurisdiction of organization of the Borrower or any Guarantor;

(j) As soon as practicable, and in any event within thirty (30) days after the close of each calendar month, the Borrower shall provide the Administrative Agent and the Lenders with a Borrowing Base Certificate (containing a certification by an Authorized Officer that the Receivables Portfolios included in the Borrowing Base referenced in such Borrowing Base Certificate are performing, in the aggregate, at a sufficient level to support the amount of such Borrowing Base), together with such supporting documents (including without limitation (i) to the extent requested by the Administrative Agent, copies of all bills of sale and purchase agreements evidencing the acquisition of Receivables Portfolios included in the Borrowing Base and (ii) a copy of the most recent static pool report with respect to such Receivables Portfolios as the Administrative Agent reasonably deems desirable, all certified as being true and correct in all material respects by an Authorized Officer of the Borrower). The Borrower may update the Borrowing Base Certificate more frequently than monthly and the most recently delivered Borrowing Base Certificate shall be the applicable Borrowing Base Certificate for purposes of determining the Borrowing Base at any time;

(k) Such other information (including non-financial information, and including the audit report with respect to the following reports and evaluations (but not the reports or evaluations themselves): the Commercial Finance Examination Reports and evaluations of the Bureau Enhanced Behavioral Liquidations Score and the Unified Collections Score) as the Administrative Agent or any Lender may from time to time reasonably request.

If any information which is required to be furnished to the Lenders under this Section 6.1 is required by law or regulation to be filed by the Borrower with a government body on an earlier date, then the information required hereunder shall be furnished to the Lenders by no later than five (5) Business Days after such earlier date.

In the event that any financial statement delivered pursuant to clauses (a) or (b) immediately above or any Compliance Certificate is shown to be inaccurate (regardless of whether this Agreement or any Commitment is in effect when such inaccuracy is discovered, but only to the extent such inaccuracy is discovered within twelve (12) months after any Obligations cease to be outstanding (other than any contingent Obligations)), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an “Applicable Period”) than the Applicable Margin applied for such Applicable Period, then (i) the Borrower shall promptly deliver to the Administrative Agent a corrected Compliance Certificate for such Applicable Period, (ii) the Applicable Margin for such Applicable Period shall be determined in accordance with the corrected Compliance Certificate, and (iii) the Borrower shall immediately pay to the Administrative Agent the accrued additional interest owing, if any, as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by the Administrative Agent to the Obligations, net of any interest paid during the prior twelve (12) months as a result of any inaccuracy which, if corrected, would have led to the application of a lower Applicable Margin for any period. This Section 5.1 shall not limit the rights of the Administrative Agent or the Lenders with respect to Section 2.13(c) and ARTICLE VIII.

#### **Section 5.2. Notices of Default and Material Events.**

Within three (3) Business Days after an Authorized Officer becomes aware thereof, the Borrower will, and will cause each Restricted Subsidiary to, give notice in writing to the Lenders of the occurrence (i) of any Default or Event of Default and (ii) of any other development, financial or otherwise, which (solely with respect to this clause (ii)) could reasonably be expected to have a Material Adverse Effect

#### **Section 5.3. Conduct of Business.**

The Borrower will, and will cause each Restricted Subsidiary to: (i) carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is conducted on the Closing Date; provided that in no event shall any member of the Propel Group engage in any business such that it would acquire any material amount of Receivables to the extent such Receivables could be Eligible Receivables if held by a Loan Party and (ii) do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, as in effect on the Closing Date, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except (i) as permitted by Section 7.3 or (ii) to the extent that the failure to maintain any of the foregoing could not reasonably be expected to have a Material Adverse Effect.

#### **Section 5.4. Compliance with Laws.**

The Borrower will, and will cause each Restricted Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws, ERISA and Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 to which it may be subject where non-compliance with such laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards could reasonably be expected to cause a Material Adverse Effect.

**Section 5.5. Taxes.**

The Borrower will, and will cause each Restricted Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles.

**Section 5.6. Maintenance of Properties.**

Subject to Section 7.6, the Borrower will, and will cause each Restricted Subsidiary to, do all things necessary to maintain, preserve, protect and keep the tangible Property material to the operation of its business in good repair, working order and condition, (ordinary wear and tear excepted), and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

**Section 5.7. Inspection; Keeping of Books and Records.**

The Borrower will, and will cause each Restricted Subsidiary to, permit the Agents and the Lenders, by their respective representatives and agents (at reasonable times and upon reasonable advance written notice, so long as no Default or Event of Default has occurred and is continuing) to inspect (including without limitation to conduct an annual field examination of) any of its Property, including, without limitation, an audit by the Administrative Agent or professionals (including consultants and accountants) retained by the Administrative Agent of the Borrower's practices in the computation of the Borrowing Base, inspection and audit of the Collateral, books and financial records of the Borrower and each Loan Party, to examine and make copies of the books of accounts and other financial records of the Borrower and each Loan Party, and to discuss the affairs, finances and accounts of the Borrower and each Loan Party with, and to be advised as to the same by, their respective officers. The Borrower shall keep and maintain, and cause each of its Restricted Subsidiaries to keep and maintain, in all material respects, proper books of record and account in which entries in conformity with Agreement Accounting Principles shall be made of all dealings and transactions in relation to their respective businesses and activities. If a Default has occurred and is continuing, the Borrower, upon either Agent's request, shall turn over copies of any such records to such Agent or its representatives. The Borrower shall pay the fees and expenses of the Administrative Agent and such professionals with respect to such examinations, audits and evaluations; provided, that, the Administrative Agent shall undertake only one (1) field examination/audit during any period of twelve (12) consecutive months at the Borrower's expense. Notwithstanding the foregoing, in addition to the field examinations and audits described above, the Administrative Agent may have additional field examinations and audits done if an Event of Default shall have occurred and be continuing, at the Borrower's expense.

**Section 5.8. Insurance.**

The Borrower will, and will cause each Restricted Subsidiary to, maintain with financially sound and reputable insurance companies insurance on their Property in such amounts, subject to such deductibles and self-insurance retentions, and covering such risks as is consistent with sound business practice. The Borrower shall deliver to the Collateral Agent endorsements in form and substance reasonably acceptable to the Collateral Agent to all general liability and other liability policies name the Collateral Agent as an additional insured. The Borrower shall furnish to any Lender such additional information as such Lender may reasonably request regarding the insurance carried by the Borrower and its Restricted Subsidiaries. In the event the Borrower or any of its Restricted Subsidiaries at any time or times hereafter shall fail to obtain or maintain any of the policies or insurance required herein or to pay any premium in whole or in part relating thereto, then the Collateral Agent, without waiving or releasing any obligations or resulting Default hereunder, may at any time or times thereafter (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which the Collateral Agent deems advisable. All sums so disbursed by the Collateral Agent shall constitute part of the Obligations, payable as provided in this Agreement.

**Section 5.9. Use of Proceeds.**

The Borrower will, and will cause each Restricted Subsidiary to, use the proceeds of the Loans for working capital and general corporate purposes, which may include, without limitation, purchases of Receivables Portfolios, Permitted Acquisitions, Acquisitions permitted pursuant to [Section 7.4\(c\)](#) and (l) and repayment of Indebtedness under the Existing Financing Arrangements. The Borrower shall use the proceeds of Credit Extensions in compliance with all applicable legal and regulatory requirements and any such use shall not result in a violation of any such requirements, including, without limitation, Regulation U and X, the Securities Act of 1933, and the Exchange Act, and the rules and regulations promulgated under any of the foregoing.

**Section 5.10. Guarantors.**

The Borrower shall cause each of its Restricted Subsidiaries (other than the Excluded Subsidiaries, Immaterial Subsidiaries and each member of the Propel Group) to guarantee pursuant to the Guaranty Agreement or supplement thereto (or, in the case of a Foreign Subsidiary, any other guaranty agreement requested by the Administrative Agent) the Secured Obligations. In furtherance of the above, after the formation or acquisition of any Restricted Subsidiary or a Subsidiary Redesignation, the Borrower shall promptly (and in any event upon the earlier of (x) such time as such Restricted Subsidiary becomes a guarantor, co-borrower or other obligor under the Prudential Financing and (y) within 45 days after such formation or acquisition or Subsidiary Redesignation (with any such time limit permitted to be extended by the Collateral Agent in its reasonable discretion)) (i) provide written notice to the Administrative Agent and the Lenders upon any Person becoming a Restricted Subsidiary, setting forth information in reasonable detail describing all of the assets of such Person, (ii) cause such Person (other than any member of the Propel Group and any Immaterial Subsidiary) to execute a supplement to the Guaranty Agreement and such other Collateral Documents as are necessary for

the Borrower and its Subsidiaries to comply with Section 5.11, (iii) cause the Applicable Pledge Percentage of the issued and outstanding equity interests of such Person and each other Pledge Subsidiary to be delivered to the Collateral Agent (together with undated stock powers signed in blank, if applicable) and pledged to the Collateral Agent pursuant to an appropriate pledge agreement(s) in substantially the form of the Pledge and Security Agreement (or joinder or other supplement thereto) and otherwise in form reasonably acceptable to the Administrative Agent and (iv) deliver such other documentation as the Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, certified resolutions and other authority documents of such Person and, to the extent requested by the Administrative Agent, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above), all in form, content and scope reasonably satisfactory to the Administrative Agent. Notwithstanding the foregoing, no Foreign Subsidiary shall be required to execute and deliver the Guaranty Agreement (or supplement thereto) or such other guaranty agreement if such execution and delivery would cause a Deemed Dividend Problem or a Financial Assistance Problem with respect to such Foreign Subsidiary and, in lieu thereof, the Borrower and the relevant Restricted Subsidiaries shall provide the pledge agreements required under this Section 5.10 or Section 5.11. Notwithstanding the foregoing, the Borrower will be required to comply with this Section (x) with respect to any Subsidiaries of Propel Acquisition LLC to the extent that the provisions of the Propel Indebtedness no longer prohibits the guaranty of the Obligations or the granting of security in respect thereto and (y) with respect to any Immaterial Subsidiary if it ceases to be an Immaterial Subsidiary under the terms of the definition thereof.

**Section 5.11. Collateral.**

The Borrower will cause, and will cause each other Loan Party to cause, all of its owned Property to be subject at all times to first priority, perfected Liens in favor of the Collateral Agent for the benefit of the Secured Parties to secure the Secured Obligations in accordance with the terms and conditions of the Collateral Documents, subject in any case to Liens permitted by Section 7.2 (it being understood and agreed that (a) no control agreements will be required hereunder in respect of bank accounts and (b) Mortgages and Mortgage Instruments will only be required hereunder in respect of Mortgaged Properties). Without limiting the generality of the foregoing, the Borrower will (i) cause the Applicable Pledge Percentage of the issued and outstanding equity interests of each Pledge Subsidiary directly owned by the Borrower or any other Loan Party to be subject at all times to a first priority, perfected Lien in favor of the Collateral Agent to secure the Secured Obligations in accordance with the terms and conditions of the Collateral Documents or such other security documents as the Collateral Agent shall reasonably request and (ii) will, and will cause each Guarantor to, deliver Mortgages and Mortgage Instruments with respect to real property owned by the Borrower or such Guarantor to the extent, and within such time period as is, reasonably required by the Collateral Agent. Notwithstanding the foregoing, no pledge agreement in respect of the equity interests of a Foreign Subsidiary shall be required hereunder to the extent such pledge thereunder is prohibited by applicable law or the Administrative Agent reasonably determines that such pledge would not provide material credit support for the benefit of the Secured Parties pursuant to legally valid, binding and enforceable pledge agreements.

**Section 5.12. Post-Closing Obligations.**

The Borrower shall execute and deliver the documents and complete the tasks set forth on Schedule 5.12, in each case as promptly as possible after the Closing Date and in any event within the time limits specified on such schedule (with any such time limit permitted to be extended by the Administrative Agent in its reasonable discretion). The provisions of Schedule 5.12 shall be deemed incorporated by reference herein as fully as if set forth herein in its entirety.

**ARTICLE VI**

**FINANCIAL COVENANTS**

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains unpaid or outstanding:

**Section 6.1. Cash Flow Leverage Ratio.**

The Borrower will not permit the ratio (the "Cash Flow Leverage Ratio"), determined as of the end of each of its fiscal quarters (commencing with the fiscal quarter ending September 30, 2012), of (i) Consolidated Funded Indebtedness to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters to be greater than 2.00:1.00 for each fiscal four-quarter period.

The Cash Flow Leverage Ratio shall be calculated (i) based upon (a) for Consolidated Funded Indebtedness, as of the last day of each such fiscal quarter and (b) for Consolidated EBITDA, the actual amount as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters and (ii) giving pro forma effect to any Material Acquisition and Material Disposition. For purposes of this Section 6.1, "Material Acquisition" means any Acquisition or series of related Acquisitions that involves the payment of consideration by the Borrower and its Restricted Subsidiaries in excess of \$10,000,000; and "Material Disposition" means any Asset Sale or series of related Asset Sales that yields gross proceeds to the Borrower or any of its Restricted Subsidiaries in excess of \$10,000,000.

**Section 6.2. Minimum Net Worth.**

The Borrower will not permit the Consolidated Net Worth of the Borrower and its Restricted Subsidiaries to be less than the sum of (i) a dollar amount equal to \$166,506,500, plus (ii) 50% of such Consolidated Net Income earned in each fiscal quarter beginning with the quarter ending March 31, 2009 (without deduction for losses), plus (iii) 100% of the amount by which the Borrower's "total stockholders' equity" is increased after February 8, 2010 as a result of the issuance or sale by the Borrower or any of its Restricted Subsidiaries of, or the conversion of any Indebtedness of such Person into, any equity interests (including warrants and similar investments) in such Person, minus (iv) amounts expended by the Borrower and its Restricted Subsidiaries to repurchase the Borrower's capital stock (x) for the period after February 8, 2010 through and including the Closing Date and (y) for the all periods after the Closing Date to the extent such repurchases are permitted under Section 7.5(v).

### **Section 6.3. Interest Coverage Ratio.**

The Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters (commencing with the fiscal quarter ending September 30, 2012) for the then most-recently completed four fiscal quarters, of (i) Consolidated EBIT to (ii) Consolidated Interest Expense, in each case as of the end of such period, to be less than 2.00:1.00.

## **ARTICLE VII**

### **NEGATIVE COVENANTS**

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains outstanding:

#### **Section 7.1. Indebtedness.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

- (a) The Obligations and Rate Management Obligations and Banking Services Obligations constituting Secured Obligations;
- (b) Indebtedness existing on the Closing Date and described in Schedule 7.1(b);
- (c) Indebtedness arising under Rate Management Transactions (other than for speculative purposes);

(d) Secured or unsecured purchase money Indebtedness (including Capitalized Leases) incurred by the Borrower or any of its Restricted Subsidiaries after the Closing Date to finance the acquisition of assets used in its business, if (1) the total of all such Indebtedness for the Borrower and its Restricted Subsidiaries taken together incurred on or after the Closing Date, when aggregated with the Indebtedness permitted under clause (i) immediately below, shall not exceed an aggregate principal amount of \$15,000,000 at any one time outstanding, (2) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed, (3) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing, and (4) any Lien securing such Indebtedness is permitted under Section 7.2 (such Indebtedness being referred to herein as "Permitted Purchase Money Indebtedness");

(e) Indebtedness arising from intercompany loans and advances (i) made by any Subsidiary to any Loan Party; provided that the Borrower agrees (and will cause each of its Subsidiaries to agree) that all such Indebtedness owed to any Subsidiaries of Propel Acquisition LLC, any Unrestricted Subsidiary, by any Loan Party shall be expressly subordinated to the Secured Obligations pursuant to subordination provisions reasonably acceptable to the Administrative Agent, (ii) made by the Borrower to any Loan Party; (iii) made by the Borrower or any Restricted Subsidiary to any other Restricted Subsidiary solely for the purpose of facilitating, in the ordinary course of business consistent with past practice, the payment of fees and expenses in connection with collection actions or proceedings or (iv) made by the Borrower or any other Restricted Subsidiary to any Subsidiaries of Propel Acquisition LLC (other than a Blocked Propel Subsidiary) to the extent such loan would be permitted as an investment in compliance with the proviso of Section 7.4(f) or any Unrestricted Subsidiary to the extent such loan would be permitted as an investment in compliance Section 7.4(k);

(f) Guaranty obligations of the Borrower of any Indebtedness of any Restricted Subsidiary permitted under clause (b) of this Section 7.1 or of any Indebtedness of any Subsidiary permitted as an Investment under Section 7.4(i), (j) or (k);

(g) Guaranty obligations of any Restricted Subsidiary of the Borrower that is a Guarantor with respect to any Indebtedness of the Borrower or any other Restricted Subsidiary permitted under this Section 7.1, other than the Permitted Foreign Subsidiary Non-Recourse Indebtedness;

(h) Indebtedness under the Prudential Financing in an aggregate principal amount not to exceed \$75,000,000;

(i) Additional unsecured Indebtedness of the Borrower or any Restricted Subsidiary, to the extent not otherwise permitted under this Section 7.1; provided, however, that the aggregate principal amount of such additional Indebtedness, when aggregated with the Indebtedness permitted under clause (d) immediately above shall not exceed \$20,000,000 at any time outstanding;

(j) Bonds or other Indebtedness required by collections licensing laws in the ordinary course of the Loan Parties' business;

(k) Indebtedness, liabilities and contingent obligations incurred or assumed in connection with a Permitted Acquisition; *provided, however*, that any such Indebtedness incurred or assumed by a Person that is a Foreign Subsidiary after giving effect to the consummation of such Permitted Acquisition shall be permitted only to the extent such Indebtedness constitutes Permitted Foreign Subsidiary Non-Recourse Indebtedness;

(l) Permitted Foreign Subsidiary Non-Recourse Indebtedness;

(m) Permitted Foreign Subsidiary Investments/Loans, to the extent permitted as an Investment in compliance with the proviso of Section 7.4(j);

(n) Additional unsecured or subordinated Indebtedness of the Borrower or any of its Restricted Subsidiaries, to the extent not otherwise permitted under this Section 7.1; *provided, however*, that (i) the aggregate principal amount of such additional Indebtedness shall not exceed \$450,000,000, (ii) such Indebtedness shall not mature, and shall not be subject to any scheduled mandatory prepayment, redemption or defeasance, in each case prior to five (5) years from the date of issuance of such Indebtedness and (iii) if such Indebtedness is subordinated, the terms of such subordination shall be reasonably acceptable to the Administrative Agent;

(o) The Propel Indebtedness; *provided* that the aggregate principal amount thereof does not exceed \$400,000,000 (exclusive of intercompany loans), and the unsecured guaranty obligations of the Borrower of such Propel Indebtedness;



(p) so long as no Default or Event of Default then exists or would result therefrom, Indebtedness of any Loan Party not otherwise permitted pursuant to this Section 7.1 in an aggregate principal amount not to exceed \$10,000,000 at any time outstanding; provided, that such Indebtedness shall be limited to a letter of credit facility provided to or for the benefit of the Borrower and/or its Restricted Subsidiaries; and

(q) Indebtedness arising from intercompany loans and advances made by any Restricted Subsidiary that is not a Loan Party to any other Restricted Subsidiary that is not a Loan Party.

#### **Section 7.2. Liens.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Restricted Subsidiaries, except:

(a) Liens securing Secured Obligations;

(b) Liens for taxes, assessments or governmental charges or levies on its Property if the same (i) shall not at the time be delinquent or thereafter can be paid without penalty, (ii) are disclosed on Schedule 7.2 or (iii) are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books;

(c) Liens imposed by law, such as landlords', wage earners', carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 45 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books;

(d) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(e) Liens as described in Schedule 7.2;

(f) Deposits securing liability to insurance carriers under insurance or self-insurance arrangements;

(g) Deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(h) Easements, reservations, rights-of-way, restrictions, survey or title exceptions and other similar encumbrances as to real property of the Borrower and its Restricted Subsidiaries which customarily exist on properties of corporations engaged in similar activities and similarly situated and which do not materially interfere with the conduct of the business of the Borrower or such Restricted Subsidiary conducted at the property subject thereto;

(i) Purchase money Liens securing Permitted Purchase Money Indebtedness (as defined in Section 7.1(d)); provided, that such Liens shall not apply to any property of the Borrower or its Restricted Subsidiaries other than that purchased with the proceeds of such Permitted Purchase Money Indebtedness;

(j) Liens existing on any asset of any Restricted Subsidiary of the Borrower at the time such Restricted Subsidiary becomes a Restricted Subsidiary and not created in contemplation of such event;

(k) Liens on any asset securing Indebtedness incurred or assumed for the purpose of financing or refinancing all or any part of the cost of acquiring or constructing such asset; *provided* that such Lien attaches to such asset concurrently with or within eighteen (18) months after the acquisition or completion or construction thereof;

(l) Liens existing on any asset of any Restricted Subsidiary of the Borrower at the time such Restricted Subsidiary is merged or consolidated with or into the Borrower or any Restricted Subsidiary and not created in contemplation of such event;

(m) Liens existing on any asset prior to the acquisition thereof by the Borrower or any Restricted Subsidiary and not created in contemplation thereof; *provided* that such Liens do not encumber any other Property or assets;

(n) Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted under clauses (i) through (m) immediately above; *provided* that (a) such Indebtedness is not secured by any additional assets, and (b) the amount of such Indebtedness secured by any such Lien is not increased;

(o) Liens on the assets of any Subsidiaries of Propel Acquisition LLC securing the Propel Indebtedness; and

(p) Liens securing Indebtedness permitted by Section 7.1(p); *provided* that the holder(s) of such Indebtedness and the Collateral Agent shall have entered into an intercreditor agreement with respect to such Liens (and the assets subject to such Liens) that is in form and content acceptable to the Agents.

In addition, no Loan Party shall become a party to any agreement, note, indenture or other instrument, or take any other action, which would prohibit the creation of a Lien on any of its Properties or other assets in favor of the Collateral Agent for the benefit of the Secured Parties; *provided, however*, that any agreement, note, indenture or other instrument in connection with purchase money Indebtedness (including Capitalized Leases) for which the related Liens are permitted hereunder may prohibit the creation of a Lien in favor of the Collateral Agent for the benefit of the Secured Parties, with respect to the assets or Property obtained with the proceeds of such Indebtedness.

### **Section 7.3. Merger or Dissolution.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, merge or consolidate with or into any other Person or dissolve, except that:

(a) A Restricted Subsidiary may merge into (x) the Borrower so long as the Borrower is the survivor of such merger or (y) a Wholly-Owned Subsidiary that is a Guarantor or becomes a Guarantor promptly upon the completion of the applicable merger or consolidation so long as the Guarantor is the survivor of such merger;

(b) The Borrower or any Restricted Subsidiary may consummate any merger or consolidation in connection with any Permitted Acquisition so long as (i) in the case of the Borrower, the Borrower is the surviving entity and (ii) in the case of any Restricted Subsidiary, the Borrower has otherwise complied with Section 5.10 and Section 5.11 in respect of the surviving entity;

(c) The Borrower and the Restricted Subsidiaries may enter into Permitted Restructurings.

### **Section 7.4. Investments and Acquisitions.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

(a) (i) Cash Equivalent Investments, (ii) any Permitted Indebtedness Hedge, and (iii) other Investments described in Schedule 7.4(a);

(b) Existing Investments in Restricted Subsidiaries and other Investments in existence on the Closing Date and described in Schedule 7.4(b);

(c) Investments in Rate Management Transactions to the extent permitted under Section 7.1(c); and

(d) Acquisitions meeting the following requirements or otherwise approved by the Required Lenders (each such Acquisition constituting a "Permitted Acquisition"):

(i) as of the date of the consummation of such Permitted Acquisition, no Default or Event of Default shall have occurred and be continuing or would result from such Permitted Acquisition, and the representation and warranty contained in Section 4.9 shall be true both before and after giving effect to such Permitted Acquisition;

(ii) such Permitted Acquisition is consummated pursuant to a negotiated acquisition agreement approved by the board of directors or other applicable governing body of the seller or entity to be acquired, and no material challenge to such Permitted Acquisition (excluding the exercise of appraisal rights) shall be pending or threatened by any shareholder or director of the seller or entity to be acquired;

(iii) the business to be acquired in such Permitted Acquisition is similar or related to one or more of the lines of business in which the Borrower and its Subsidiaries are engaged on the Closing Date;

(iv) as of the date of the consummation of such Permitted Acquisition, all material governmental and corporate approvals required in connection therewith shall have been obtained;

(v) the aggregate Purchase Price for all such Permitted Acquisitions after the Closing Date shall not exceed \$225,000,000; *provided* that the Purchase Price for any single Permitted Acquisition during the term of this Agreement shall not exceed \$75,000,000;

(vi) The Borrower shall have notified the Administrative Agent at least 5 Business Days (or such shorter period as may be agreed by the Administrative Agent) prior to the anticipated closing date of any such Permitted Acquisition;

(vii) if requested by the Administrative Agent, prior to the consummation of such Permitted Acquisition, the Borrower shall have delivered to the Administrative Agent a pro forma consolidated balance sheet, income statement and cash flow statement of the Borrower and its Restricted Subsidiaries (the "Acquisition Pro Forma"), based on the Borrower's most recent financial statements delivered pursuant to Section 5.1(a) (using, to the extent available, historical financial statements for such entity provided by the seller(s)) which shall be complete and shall fairly present, in all material respects, the financial condition and results of operations and cash flows of the Borrower and its Restricted Subsidiaries in accordance with Agreement Accounting Principles, but taking into account such Permitted Acquisition and the funding of all Credit Extensions in connection therewith, and such Acquisition Pro Forma shall reflect that, on a pro forma basis, the Borrower would have been in compliance with the financial covenants set forth in ARTICLE VI for the period of four fiscal quarters reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 5.1(c) prior to the consummation of such Permitted Acquisition (giving effect to such Permitted Acquisition and all Credit Extensions funded in connection therewith as if made on the first day of such period); provided, however, that no such compliance with Section 6.1 or Section 6.2 is required to be demonstrated in such Acquisition Pro Forma for an Acquisition which is either (x) solely a purchase of assets or (y) an acquisition of an entity or a going business for which no financial statements are available; and

(viii) if requested by the Administrative Agent, prior to each such Permitted Acquisition, the Borrower shall deliver to the Administrative Agent a documentation, information and certification package in form reasonably acceptable to the Administrative Agent and demonstrating conformity with the applicable Acquisition Pro Forma and sufficient to describe the assets and Persons being acquired, including, without limitation:

- (A) a near-final version (with no further material amendments to be made thereto) of the acquisition agreement for such Permitted Acquisition together with drafts of the material schedules thereto;
- (B) a near-final version (with no further material amendments to be made thereto) of all documents, instruments and agreements with respect to any Indebtedness to be incurred or assumed in connection with such Permitted Acquisition; and

(C) such other documents or information as shall be reasonably requested by the Administrative Agent in connection with such Permitted Acquisition;

(e) A Permitted Restructuring;

(f) Creation of, or Investment in, a Restricted Subsidiary (other than (i) a Blocked Propel Subsidiary and (ii) a Foreign Subsidiary that is not a Loan Party) and in respect of which the Borrower has otherwise complied with Section 5.10 and Section 5.11; *provided* that in the case of any investments in any Subsidiaries of Propel Acquisition LLC, such investment shall be permitted only to the extent that after giving effect to such investment, no Default shall exist and continue and that the Borrower shall be in compliance with Section 6.1 and Section 6.3 on a pro forma basis as if the Investment occurred on the first day of the applicable period being tested pursuant to such Sections;

(g) Investments constituting Indebtedness permitted by Section 7.1(e) and Section 7.1(o);

(h) Investments by a Loan Party in another Loan Party;

(i) Minority Investments of the Borrower or its Restricted Subsidiaries, so long as (A) the aggregate Investment permitted under this clause (i) in any single Person shall not exceed \$20,000,000 at any time outstanding and (B) the aggregate for all Investments permitted by this clause (i) shall not at any time exceed \$60,000,000;

(j) Permitted Foreign Subsidiary Investments/Loans; provided that the aggregate amount of Investments made pursuant this clause (j) shall not exceed \$150,000,000 in any fiscal year of the Borrower; and

(k) Investments in Unrestricted Subsidiaries and Blocked Propel Subsidiaries, provided that such Investments made on or after the Closing Date shall not exceed in the aggregate at any time \$200,000,000 less the aggregate outstanding Investments made pursuant to clause (i) of this Section 7.4.

For purposes of determining the amount of any Investment outstanding for purposes of this Section 7.4, such amount shall be deemed to be the Fair Market Value of such Investment when made, purchased or acquired less any amount realized by the Borrower or a Restricted Subsidiary in respect of such Investment upon the sale, collection or return of capital, including by way of a Subsidiary Redesignation after the Investment therein (in any case, not to exceed the original amount invested).

#### **Section 7.5. Restricted Payments.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, make any Restricted Payment (other than dividends payable in its own capital stock) except that (i) any Restricted Subsidiary may declare and pay dividends or make distributions to the Borrower or to

a Guarantor, (ii) the Borrower may, so long as no Default or Event of Default has occurred and is continuing or would arise after giving effect thereto, make Restricted Payments in an aggregate amount not to exceed, during any fiscal year of the Borrower, 20% of the audited Consolidated Net Income for the then most recently completed fiscal year of the Borrower, (iii) [reserved], (iv) Borrower may (A) effect a conversion of Permitted Indebtedness pursuant to its terms by making any required payments of cash and/or Borrower's capital stock and (B) make a payment of cash to enter into a Permitted Indebtedness Hedge in connection with Permitted Indebtedness, and any payments made in settlement or in performance thereof, and (v) the Borrower may, so long as the Payment Conditions (as defined below) are satisfied, make repurchases of its capital stock so long as the aggregate cumulative amount expended on and after the Closing Date for all such repurchases of capital stock does not exceed \$50,000,000. As used herein, "Payment Conditions" means (i) no Default or Event of Default has then occurred and is continuing or would arise after giving effect thereto and (ii) before and after giving effect (including pro forma effect) thereto, (A) the Borrower is in compliance with the covenants set forth in ARTICLE VI and (B) the Aggregate Revolving Credit Exposure shall not exceed the lesser of (x) the Aggregate Revolving Commitment and (y) the Borrowing Base, in each case, then in effect.

**Section 7.6. Sale of Assets.**

The Borrower will not, nor will it permit any other Loan Party to, lease, sell or otherwise dispose of its Property to any other Person, except:

(a) Sales of Receivables in the ordinary course of business;

(b) A disposition or transfer of assets by a Loan Party to another Loan Party or a Person that becomes a Loan Party prior to such disposition or transfer;

(c) A disposition of obsolete Property, Property no longer used in the business of the Borrower or the other Loan Parties or other assets in the ordinary course of business of the Borrower or any other Loan Party, but excluding in each case Property (other than fixtures and personal Property) subject to a Lien under a Mortgage;

(d) Leases, sales or other dispositions of its Property that, together with all other Property of the Borrower and the Loan Parties previously leased, sold or disposed of (other than dispositions otherwise permitted by this Section 7.6) as permitted by this Section during any fiscal year of the Borrower do not exceed one percent (1%) of Consolidated Tangible Assets in the aggregate;

(e) So long as the Borrower makes the prepayments and/or reinvestment of proceeds required under Section 2.12(a) in respect thereof, sales or dispositions of assets outside the ordinary course of business with an aggregate fair market value not to exceed, on and after the Closing Date, \$20,000,000; and

(f) Any lease, transfer or other disposition of its Property that constitutes a permitted Investment under Section 7.4.

**Section 7.7. Transactions with Affiliates.**

The Borrower will not, and will not permit any Restricted Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate (other than the Borrower and the Loan Parties) except (i) in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Restricted Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Restricted Subsidiary than the Borrower or such Restricted Subsidiary would obtain in a comparable arm's-length transaction, (ii) the Permitted Restructuring and (iii) Investments permitted under Section 7.4.

**Section 7.8. Subsidiary Covenants.**

The Borrower will not, and will not permit any Loan Party or any Subsidiaries of Propel Acquisition LLC to, create or otherwise cause to become effective any consensual encumbrance or restriction of any kind on the ability of any Loan Party or any Subsidiaries of Propel Acquisition LLC (i) to pay dividends or make any other distribution on its stock, (ii) to pay or prepay any Indebtedness or other obligation owed to the Borrower or any other Restricted Subsidiary, (iii) to make loans or advances or other Investments in the Borrower or any other Restricted Subsidiary, or (iv) to sell, transfer or otherwise convey any of its property to the Borrower or any other Restricted Subsidiary, other than (A) customary restrictions on transfers, business changes or similar matters relating to earn out obligations in connection with Permitted Acquisitions and (B) as provided in this Agreement, the Prudential Senior Secured Note Agreement and the Propel Indebtedness.

**Section 7.9. Sale and Leaseback Transactions.**

The Borrower shall not, nor shall it permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction.

**Section 7.10. Financial Contracts.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, enter into or remain liable upon any Rate Management Transactions except for those entered into in the ordinary course of business for bona fide hedging purposes and not for speculative purposes.

**Section 7.11. Acquisition of Receivables Portfolios.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, acquire any single or related series of Receivables Portfolio with a purchase price in excess of \$150,000,000 (it being agreed that any one or more tranches or groups of Receivables purchased by one or more Loan Parties from the same seller or an Affiliate of such seller within a period of seven (7) consecutive days shall be deemed to be a single acquisition). The Borrower will not, nor will it permit any Restricted Subsidiary to, (i) acquire any Receivable denominated in a currency other than Dollars, (ii) acquire any Receivable with respect to which the debtor is a resident of a jurisdiction other than the United States of America, (iii) acquire any Person which owns any Receivable denominated in a currency other than Dollars or any Receivable with respect to which the debtor is a resident of a jurisdiction other than the United States of America, or (iv) acquire any Person organized under the laws of any jurisdiction other than the United States of America or any state thereof, if, after giving effect to such acquisition, the aggregate

outstanding book value (without duplication) of all such Receivables (in the case of the immediately preceding clauses (i) and (ii)), all such Receivables owned by such Person (in the case of the immediately preceding clause (iii)) and any and all Receivables owned by such Person (in the case of the immediately preceding clause (iv)) would exceed in the aggregate 40% of the total book value of all Receivables of the Borrower and its Restricted Subsidiaries at any time.

**Section 7.12. Subordinated Indebtedness and Amendments to Subordinated Note Documents.**

The Borrower will not, and will not permit any Restricted Subsidiary to, directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Subordinated Indebtedness. Furthermore, the Borrower will not, and will not permit any Restricted Subsidiary to, amend the Subordinated Indebtedness Documents or any document, agreement or instrument evidencing any Indebtedness incurred pursuant to the Subordinated Indebtedness Documents (or any replacements, substitutions, extensions or renewals thereof) or pursuant to which such Indebtedness is issued where such amendment, modification or supplement provides for the following or which has any of the following effects:

- (a) increases the overall principal amount of any such Indebtedness or increases the amount of any single scheduled installment of principal or interest;
- (b) shortens or accelerates the date upon which any installment of principal or interest becomes due or adds any additional mandatory redemption provisions;
- (c) shortens the final maturity date of such Indebtedness or otherwise accelerates the amortization schedule with respect to such Indebtedness;
- (d) increases the rate of interest accruing on such Indebtedness;
- (e) provides for the payment of additional fees or increases existing fees or changes any profit sharing arrangements to the detriment of the Borrower or any Loan Party;
- (f) amends or modifies any financial or negative covenant (or covenant which prohibits or restricts the Borrower or any of its Restricted Subsidiaries from taking certain actions) in a manner which is more onerous or more restrictive in any material respect to the Borrower or such Restricted Subsidiary or which is otherwise materially adverse to the Borrower, its Restricted Subsidiaries and/or the Lenders or, in the case of any such covenant, which places material additional restrictions on the Borrower or such Restricted Subsidiary or which requires the Borrower or such Restricted Subsidiary to comply with more restrictive financial ratios or which requires the Borrower to better its financial performance, in each case from that set forth in the existing applicable covenants in the Subordinated Indebtedness Documents or the applicable covenants in this Agreement; or
- (g) amends, modifies or adds any affirmative covenant in a manner which (a) when taken as a whole, is materially adverse to the Borrower, its Restricted Subsidiaries and/or the Lenders or (b) is more onerous than the existing applicable covenant in the Subordinated Indebtedness Documents or the applicable covenant in this Agreement.



**Section 7.13. Government Regulation.**

The Borrower shall not, and shall not permit any Subsidiary to (a) be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits any Lender from making any Credit Extension to the Borrower or from otherwise conducting business with the Borrower, or (b) fail to provide documentary and other evidence of any Subsidiary's identity as may be requested by any Lender at any time to enable such Lender to verify such Subsidiary's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

**Section 7.14. Rentals.**

The Borrower shall not permit, nor shall it permit any Restricted Subsidiary to, create, pay or incur Consolidated Rentals in excess of \$20,000,000 for any fiscal year of the Borrower during the term of this Agreement on a consolidated basis for the Borrower and its Restricted Subsidiaries.

**Section 7.15. Contingent Obligations.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except (i) by endorsement of instruments for deposit or collection in the ordinary course of business, (ii) the Reimbursement Obligations, (iii) any guaranty of the Secured Obligations, (iv) any liability of the Borrower or the Guarantors under the Loan Documents or the "Transaction Documents" (as defined in the Prudential Senior Secured Note Agreement), (v) Contingent Obligations in respect of customary indemnification and purchase price adjustment obligations incurred in connection with acquisitions or sales of assets, (vi) customary corporate indemnification obligations under charter documents, indemnification agreements with officers and directors and underwriting agreements and (vii) any liability under any Indebtedness permitted by Section 7.1 (it being acknowledged and agreed that none of the Borrower, the Guarantors or the Domestic Subsidiaries shall make or shall suffer to exist any Contingent Obligation in respect of Indebtedness of Foreign Subsidiaries), except to the extent permitted as Investments under Section 7.4).

**Section 7.16. Capital Expenditures.**

The Borrower will not, nor will it permit any Restricted Subsidiary to, expend, or be committed to expend, in excess of an aggregate of \$30,000,000 for Capital Expenditures of the Borrower and its Restricted Subsidiaries during any fiscal year of the Borrower.

**Section 7.17. Most Favored Lender Status.**

If at any time any of the Prudential Financing, or any agreement or document related to the Prudential Financing or any Principal Credit Facility of the Borrower, includes (i) any covenant, event of default or similar provision that is not provided for in this Agreement, or (ii) any covenant, event of default or similar provision that is more restrictive than the same or similar covenant, event of default or similar provision provided in this Agreement (all such

provisions described in the foregoing clauses (i) or (ii) of this Section 7.17 being referred to as the “Most Favored Covenants”), then (a) such Most Favored Covenant shall immediately and automatically be incorporated by reference in this Agreement as if set forth fully herein, mutatis mutandis, and no such provision may thereafter be waived, amended or modified under this Agreement except pursuant to the provisions of Section 10.2, and (b) the Borrower shall promptly, and in any event within five (5) Business Days after entering into any such Most Favored Covenant, so advise the Administrative Agent (for distribution to the Lenders) in writing. Thereafter, upon the request of the Required Lenders, the Borrower shall enter into an amendment to this Agreement with the Administrative Agent and the Required Lenders evidencing the incorporation of such Most Favored Covenant, it being agreed that any failure to make such request or to enter into any such amendment shall in no way qualify or limit the incorporation by reference described in clause (a) of the immediately preceding sentence.

**Section 7.18. Use of Proceeds.**

The Borrower will not request any Credit Extension with the intent, or for the purpose, of using the proceeds of such Credit Extension to purchase or otherwise acquire delinquent property tax receivables.

**ARTICLE VIII**

**EVENTS OF DEFAULT**

**Section 8.1. Events of Default.**

The occurrence of any one or more of the following events shall constitute an “Event of Default”:

(a) Nonpayment of (i) principal of any Loan when due, (ii) any Reimbursement Obligation within two (2) Business Days after the same becomes due, or (iii) interest upon any Loan or any Commitment Fee, any fees in respect of Letters of Credit or other Obligations under any of the Loan Documents within five (5) Business Days after such interest, fee or other Obligation becomes due; or

(b) Any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Restricted Subsidiaries to the Lenders or the Agents under or in connection with this Agreement, any Credit Extension, or any certificate or written information delivered in connection with this Agreement or any other Loan Document shall be false in any material respect on the date as of which made or deemed made; or

(c) The breach by the Borrower of any of the terms or provisions of Section 5.1, Section 5.2, Section 5.9, Section 5.10, Section 5.11, ARTICLE VI or ARTICLE VII (other than Section 7.17); or

(d) The breach by the Borrower (other than a breach which constitutes an Event of Default under another Section of this ARTICLE VIII) of any of the terms or provisions of (i) this Agreement or (ii) any other Loan Document (beyond the applicable grace period with respect thereto, if any), in each case which is not remedied within thirty (30) days after the earlier to occur of (x) written notice from the Administrative Agent or any Lender to the Borrower or (y) an Authorized Officer otherwise becomes aware of any such breach; or

(e) Failure of the Borrower or any of its Restricted Subsidiaries to pay when due any Material Indebtedness (subject to any applicable grace period with respect thereto, if any, set forth in the Material Indebtedness Agreement evidencing such Material Indebtedness) which failure has not been (i) timely cured or (ii) waived in writing by the requisite holders of such Material Indebtedness; or the default by the Borrower or any of its Restricted Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any Material Indebtedness Agreement or any other event shall occur or condition exist thereunder and such default has not been (x) timely cured or (y) waived in writing by the requisite holders of the Material Indebtedness in respect thereof and the effect of such default, event or condition is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, such Material Indebtedness to become due prior to its stated maturity or any commitment to lend under any Material Indebtedness Agreement to be terminated prior to its stated expiration date; or any Material Indebtedness of the Borrower or any of its Restricted Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Restricted Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due; or

(f) The Borrower or any of its Restricted Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this clause (f) or (vi) fail to contest in good faith any appointment or proceeding described in clause (g) immediately below; or

(g) Without the application, approval or consent of the Borrower or any of its Restricted Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Restricted Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 8.1(f)(iv) shall be instituted against the Borrower or any of its Restricted Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 consecutive days; or

(h) Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Borrower and its Restricted Subsidiaries which, when taken together with all other Property of the Borrower and its Restricted Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion; or

(i) The Borrower or any of its Restricted Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money in excess of \$10,000,000 (or the equivalent thereof in currencies other than Dollars) in the aggregate, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith or otherwise not covered by a creditworthy insurer or indemnitor; or

(j) Any Reportable Event shall occur in connection with any Plan, which could reasonably be expected to result in a liability to the Borrower or any other member of the Controlled Group exceeding \$10,000,000; or

(k) The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased, in the aggregate, over the amounts contributed to such Multiemployer Plans for the respective plan years of such Multiemployer Plans immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding \$10,000,000; or

(l) The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred, within the meaning of Section 4201 of ERISA, withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification), exceeds \$10,000,000 or requires payments exceeding \$10,000,000 per annum; or

(m) Any Change of Control shall occur or exist; or

(n) Nonpayment by the Borrower or any Restricted Subsidiary of any Rate Management Obligation, when due or the breach by the Borrower or any Restricted Subsidiary of any term, provision or condition contained in any Rate Management Transaction or any transaction of the type described in the definition of "Rate Management Transactions," whether or not any Lender or Affiliate of a Lender is a party thereto; or

(o) The Borrower or any of its Restricted Subsidiaries shall violate any Environmental Law, which has resulted in liability to the Borrower or any of its Restricted Subsidiaries in an amount equal to \$10,000,000 or more, which liability is not paid, bonded or otherwise discharged within 45 days or which is not stayed on appeal and being appropriately contested in good faith; or

(p) This Agreement (including amendments and supplements hereto), the Guaranty Agreement (including amendments and supplements thereto) or any Collateral Document (including amendments and supplements thereto) shall fail to remain in full force or effect or any action shall be taken to assert the invalidity or unenforceability of (including any action taken on the part of the Borrower or its Restricted Subsidiaries to assert such invalidity or unenforceability of), or which results in the invalidity or unenforceability of, any such Loan Document, or any Collateral Document shall, other than as permitted thereby, fail to create or maintain for any reason a valid and perfected security interest in any collateral purported to be covered thereby.

**Section 8.2. Acceleration.**

(a) If any Event of Default described in Section 8.1(f) or Section 8.1(g) occurs with respect to the Borrower or any Restricted Subsidiary, the obligations of the Lenders to make Loans hereunder and the obligation and power of the Issuing Bank to issue Letters of Credit shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of either Agent, the Issuing Bank or any Lender, and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay the Administrative Agent an amount in immediately available funds, which funds shall be held in the LC Collateral Account, equal to the difference of (x) the amount of LC Exposure at such time less (y) the amount or deposit in the LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (the "Collateral Shortfall Amount"). If any other Event of Default occurs, the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) may (a) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the Issuing Bank to issue Letters of Credit, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives and (b) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will forthwith upon such demand and without any further notice or act pay to the Administrative Agent the Collateral Shortfall Amount which funds shall be deposited in the LC Collateral Account.

(b) If at any time while any Event of Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the LC Collateral Account.

(c) The Agents may at any time or from time to time after funds are deposited in the LC Collateral Account, subject to the terms of the Intercreditor Agreement, apply such funds to the payment of the Obligations and any other amounts as shall from time to time have become due and payable by the Borrower to the Lenders or the Issuing Bank under the Loan Documents.

(d) At any time while any Event of Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the LC Collateral Account. After all of the Obligations have been indefeasibly paid in full and the Aggregate Revolving Loan Commitment has been terminated, any funds remaining in the LC Collateral Account shall be returned by the Collateral Agent to the Borrower or paid to whomever may be legally entitled thereto at such time, including pursuant to the Intercreditor Agreement.

(e) If, after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans and the obligation and power of the Issuing Bank to issue Letters of Credit hereunder as a result of any Event of Default (other than any Event of Default as described in Section 8.1(f) or Section 8.1(g) with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

(f) All proceeds from each sale of, or other realization upon, all or any part of the Collateral during the existence of an Event of Default shall be applied pursuant to, and in accordance with, the Pledge and Security Agreement.

## ARTICLE IX

### THE ADMINISTRATIVE AGENT AND COLLATERAL AGENT

#### Section 9.1. Appointment; Nature of Relationship.

SunTrust Bank is hereby appointed by each of the Lenders as its contractual representative as Administrative Agent and Collateral Agent hereunder and under each other Loan Document, and each of the Lenders authorizes each of the Agents to enter into the Intercreditor Agreement, on behalf of such Lender (each Lender hereby agreeing to be bound by the terms of the Intercreditor Agreement, as if it were a party thereto, with the Holders of Prudential Note Obligations to be intended third-party beneficiaries of such agreement) and each of the Lenders irrevocably authorizes each of the Agents to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. Each Agent agrees to act as such contractual representative upon the express conditions contained in this ARTICLE IX. Notwithstanding the use of the defined terms “Administrative Agent” or “Collateral Agent”, it is expressly understood and agreed that the Agents shall not have any fiduciary responsibilities to any of the Secured Parties by reason of this Agreement or any other Loan Document and that the Agents are merely acting as the contractual representatives of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In their capacity as the Lenders’ contractual representatives, (i) neither Agent hereby assumes any fiduciary duties to any of the Secured Parties, (ii) the Collateral Agent is a “representative” of the Secured Parties within the meaning of the term “secured party” as defined in the New York Uniform Commercial Code and (iii) each Agent is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders, for itself and on behalf of its Affiliates as Holders of Obligations, hereby agrees to assert no claim

against either Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Holder of Obligations hereby waives. Except as expressly set forth herein, neither Agent shall have any duty to disclose, nor shall either Agent be liable for the failure to disclose, any information relating to the Borrower or any other Loan Party that is communicated to or obtained by the bank serving as such Agent or any of its Affiliates in any capacity.

**Section 9.2. Powers.**

Each Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the such Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. Neither Agent shall have any implied duties or fiduciary duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by such Agent.

**Section 9.3. General Immunity.**

Neither Agent nor any of their Related Parties shall be liable to the Borrower, or any Lender or Holder of Obligations for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final, non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

**Section 9.4. No Responsibility for Loans, Recitals, Etc.**

Neither Agent nor any of their Related Parties shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any Borrowing; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in ARTICLE III, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Event of Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any Collateral; or (g) the financial condition of the Borrower or any guarantor of any of the Obligations or of any of the Borrower's or any such guarantor's respective Subsidiaries. Neither Agent shall have any duty to disclose to the Lenders information that is not required to be furnished by the Borrower to such Agent at such time, but is voluntarily furnished by the Borrower to such Agent (either in its capacity as an Agent or in its individual capacity).

**Section 9.5. Action on Instructions of Lenders.**

Each Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that neither Agent shall be under any duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such) or is otherwise required by the Intercreditor Agreement. Each Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

**Section 9.6. Employment of Agents and Counsel.**

Each Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Each Agent shall be entitled to advice of counsel concerning the contractual arrangement between such Agent and the Lenders and all matters pertaining to such Agent's duties hereunder and under any other Loan Document.

**Section 9.7. Reliance on Documents; Counsel.**

Each Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, electronic mail message, statement, paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel reasonably selected by such Agent, which counsel may be employees of such Agent. For purposes of determining compliance with the conditions specified in Section 3.1 and Section 3.2, each Lender that has signed this 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 applicable date specifying its objection thereto.

**Section 9.8. Agent's Reimbursement and Indemnification.**

The Lenders agree to reimburse and indemnify each Agent ratably in proportion to the Lenders' Pro Rata Share (i) for any amounts not reimbursed by the Borrower for which such Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by such Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by such Agent in connection with any dispute between such Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or



asserted against such Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against such Agent in connection with any dispute between such Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, *provided* that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the such Agent and (ii) any indemnification required pursuant to Section 2.20(e) and Section 10.4(d) shall, notwithstanding the provisions of this Section, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section shall survive payment of the Secured Obligations and termination of this Agreement.

**Section 9.9. Notice of Default.**

No Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless such Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Event of Default and stating that such notice is a “notice of default”. In the event that either Agent receives such a notice, such Agent shall give prompt notice thereof to the Lenders.

**Section 9.10. Rights as a Lender.**

In the event either Agent is a Lender, such Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Revolving Commitment and its Credit Extensions as any Lender and may exercise the same as though it were not an Agent, and the term “Lender” or “Lenders” shall, at any time when an Agent is a Lender, unless the context otherwise indicates, include such Agent in its individual capacity. Each Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. Neither Agent, in its individual capacity, is obligated to remain a Lender.

**Section 9.11. Lender Credit Decision.**

Each Lender acknowledges that it has, independently and without reliance upon either Agent, the Arrangers or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon either Agent, the Arrangers 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 this Agreement and the other Loan Documents.

### **Section 9.12. Successor Administrative Agent.**

The Administrative Agent (i) may resign at any time by giving written notice thereof to the Lenders and the Borrower and (ii), if the Total Exposure (as defined below) of the Administrative Agent and its Affiliates (in each case in their capacity as a Lender) is less than 7.5%, the Required Lenders may require the Administrative Agent to resign, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, forty-five (45) days after the retiring Administrative Agent gives notice of its intention to resign or the Required Lenders have requested such resignation. Upon any such resignation, the Required Lenders shall have the right to appoint, in consultation with the Borrower, on behalf of the Borrower and the Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Administrative Agent's giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Borrower and the Lenders, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of the Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned and no successor Administrative Agent has been appointed, the Lenders may perform all the duties of the Administrative Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Administrative Agent. Upon the effectiveness of the resignation of the Administrative Agent, the resigning Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Administrative Agent, the provisions of this ARTICLE IX shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Administrative Agent by merger, or the Administrative Agent assigns its duties and obligations to an Affiliate pursuant to this Section, then the term "Base Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Administrative Agent. The term "Total Exposure" shall mean, at any time of determination with respect to the Revolving Commitment and Term Loans held by the Administrative Agent and its Affiliates (in their capacity as a Lender), the quotient (expressed as a percentage) of: (x) the sum of such Lenders' Revolving Commitments (or if the Revolving Commitments have been terminated or expired or the Revolving Loans have been declared to be due and payable, such Lenders' Revolving Credit Exposure) *plus* the outstanding principal amount of Term Loans of such Lenders *divided by* (y) the sum of all Lenders' Revolving Commitments (or if such Revolving Commitments have been terminated or expired or the Revolving Loans have been declared to be due and payable, the Revolving Credit Exposure of all Lenders) *plus* the outstanding principal amount of Term Loans of such Lenders.

**Section 9.13. Delegation to Affiliates.**

The Borrower and the Lenders agree that each Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which such Agent is entitled under ARTICLE IX and ARTICLE X.

**Section 9.14. Co-Agents, Documentation Agent, Syndication Agent.**

None of the Lenders, if any, identified in this Agreement as a "co-agent", "documentation agent" or "syndication agent" 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 such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Administrative Agent in Section 9.11.

**Section 9.15. Collateral Documents.**

(a) Each Lender and the Administrative Agent authorizes the Collateral Agent to enter into each of the Collateral Documents to which it is a party and to take all action contemplated by such documents. Each Lender agrees that no Secured Parties (other than the Collateral Agent) shall have the right individually to seek to realize upon the security granted by any Collateral Document, it being understood and agreed that such rights and remedies may be exercised solely by the Collateral Agent for the benefit of the Secured Parties upon the terms of the Collateral Documents and the Intercreditor Agreement.

(b) In the event that any Collateral is hereafter pledged by any Person as collateral security for the Secured Obligations, the Collateral Agent is hereby authorized (subject to the terms of the Intercreditor Agreement) to execute and deliver on behalf of the Secured Parties any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Collateral Agent on behalf of the Secured Parties.

(c) Subject to the terms of the Intercreditor Agreement, the Lenders and the Administrative Agent hereby authorize the Collateral Agent, at its option and in its discretion, to release any Lien granted to or held by the Collateral Agent upon any Collateral (i) upon termination of the Revolving Commitments and payment and satisfaction of all of the Obligations (other than contingent indemnity obligations, Banking Services Obligations and Rate Management Obligations) at any time arising under or in respect of this Agreement or the Loan Documents or the transactions contemplated hereby or thereby; (ii) as permitted by, but only in accordance with, the terms of the applicable Loan Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Collateral Agent at any time, the Lenders and the Administrative Agent will confirm in writing the Collateral Agent's authority to release particular types or items of Collateral pursuant to this Section.

(d) Upon any sale or transfer of assets constituting Collateral which is permitted pursuant to the terms of any Loan Document (other than sales or transfers between the Borrower and its Restricted Subsidiaries or between or among such Restricted Subsidiaries), or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five (5) Business Days' prior written request by the Borrower to the Collateral Agent, the Collateral Agent shall (and is hereby irrevocably authorized by the Lenders and the Administrative Agent to), subject to the terms of the Intercreditor Agreement, execute such documents as may be necessary to evidence the release of the Liens granted to the Collateral Agent for the benefit of the Secured Parties herein or pursuant hereto upon the Collateral that was sold or transferred; provided, however, that (i) the Collateral Agent shall not be required to execute any such document on terms which, in the Collateral Agent's opinion, would expose the Collateral Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Secured Obligations or any Liens upon (or obligations of the Borrower or any Restricted Subsidiary in respect of) all interests retained by the Borrower or any Restricted Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral.

(e) Each Lender hereby directs, in accordance with the terms of this Agreement, the Agents: (i) to release any Guarantor from its obligations under the Guaranty Agreement and any Collateral Document (including the release of any Lien granted by such Guarantor under any such Collateral Document) in connection with (x) the designation of such Guarantor as an Unrestricted Subsidiary pursuant to the definition of "Unrestricted Subsidiary" or (y) the execution by any Subsidiary of Propel Acquisition LLC of an agreement evidencing Propel Indebtedness the terms of which prohibit such Subsidiary from providing a guaranty of the Obligations or the granting of security in respect thereto and (ii) to execute and deliver or file or authorize the filing of such documents, statements and instruments and do such other things as are necessary to release such Guarantor from such obligations (and to release such Liens) pursuant to this clause (e) promptly upon the effectiveness of any such release. Upon request by any Agent at any time, the Lenders shall confirm in writing each Agent's authority to release the applicable Guarantor pursuant to this clause (e).

(f) No agreement shall amend, modify or otherwise affect the rights or duties of the Collateral Agent without the prior written consent of the Collateral Agent.

#### **Section 9.16. Reports.**

Each Lender hereby agrees that (a) it has requested a copy of each Report prepared by or on behalf of either Agent; (b) neither Agent (i) makes any representation or warranty, express or implied, as to the completeness or accuracy of any Report or any of the information contained therein or any inaccuracy or omission contained in or relating to a Report nor (ii) shall be liable for any information contained in any Report; (c) the Reports are not comprehensive audits or examinations, and that any Person performing any field examination will inspect only specific information regarding the Loan Parties and will rely significantly upon the Loan Parties' books and records, as well as on representations of the Loan Parties' personnel and that the Agents undertake no obligation to update, correct or supplement the Reports; (d) it will keep all Reports confidential and strictly for its internal use, not share the Report with any Loan Party or any other Person except as otherwise permitted pursuant to this Agreement; and (e) without limiting the generality of any other indemnification provision contained in this

Agreement, it will pay and protect, and indemnify, defend, and hold the Agents and any such other Person preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including reasonable attorney fees) incurred by as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

**Section 9.17. Withholding Tax.**

To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

**Section 9.18. Administrative Agent May File Proofs of Claim.**

(a) 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 any Revolving Credit Exposure shall then be 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:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans or Revolving Credit Exposure 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, the Issuing Bank, the Swingline Lender and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Bank, the Swingline Lender and the Administrative Agent and its agents and counsel and all other amounts due the Lenders, the Issuing Bank, the Swingline Lender and the Administrative Agent under Section 10.3) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and



With a copy to: SunTrust Bank  
Agency Services  
303 Peachtree Street, N. E./ 25th Floor  
Atlanta, Georgia 30308  
Attention: Mr. Doug Weltz  
Telecopy Number: (404) 221-2001

and

Alston & Bird LLP  
1201 West Peachtree Street  
Atlanta, Georgia 30309  
Attention: Rick D. Blumen, Esq.  
Telecopy: (404) 253-8366

To the Issuing Bank: SunTrust Bank  
25 Park Place, N. E./Mail Code 3706  
Atlanta, Georgia 30303  
Attention: Letter of Credit Department  
Telecopy Number: (404) 588-8129

To the Swingline Lender: SunTrust Bank  
Agency Services  
303 Peachtree Street, N.E./25th Floor  
Atlanta, Georgia 30308  
Attention: Mr. Doug Weltz  
Telecopy Number: (404) 221-2001

To any other Lender: the address set forth in the Administrative  
Questionnaire or the Assignment and Acceptance  
Agreement executed by such Lender

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the mail or if delivered, upon delivery; provided, that notices delivered to the Administrative Agent, the Issuing Bank or the Swingline Lender shall not be effective until actually received by such Person at its address specified in this Section 10.1.

(b) Any agreement of the Administrative Agent, the Issuing Bank and the Lenders herein to receive certain notices by telephone, facsimile or other electronic transmission is solely for the convenience and at the request of the Borrower. The Administrative Agent, the Issuing Bank and the Lenders shall be entitled to rely on the authority of any Person purporting

to be a Person authorized by the Borrower to give such notice and the Administrative Agent, the Issuing Bank and the Lenders shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent, the Issuing Bank and the Lenders in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Loans and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent, the Issuing Bank and the Lenders to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent, the Issuing Bank and the Lenders of a confirmation which is at variance with the terms understood by the Administrative Agent, the Issuing Bank and the Lenders to be contained in any such telephonic or facsimile notice.

(c) Notices and other communications to the Lenders, the Swingline Lender and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent, provided that the foregoing shall not apply to notices to any Lender, the Swingline Lender or the Issuing Bank pursuant to ARTICLE II unless such Lender, the Swingline Lender, the Issuing Bank, as applicable, and Administrative Agent have agreed to receive notices under such Section by electronic communication and have agreed to the procedures governing such communications. The Administrative Agent or 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.

(d) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent 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), and (ii) 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 (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the 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 recipient.

#### **Section 10.2. Waiver; Amendments.**

(a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or any other Loan Document, and no course of dealing between the Borrower and the Administrative Agent or any Lender, 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 right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective



unless the same shall be permitted by paragraph (b) of this Section 10.2, 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 or Event of Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default or Event of Default at the time.

(b) Except as provided in Section 2.24 with respect to any Incremental Facility Amendment or Section 2.25 with respect to any Extension, no amendment or waiver of any provision of this Agreement or the other Loan Documents, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders or the Borrower and the Administrative Agent with the consent of the Required Lenders and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that no such supplemental agreement shall, without the consent of the Supermajority Lenders, amend or otherwise modify the definition of Estimated Remaining Collections or the methods and assumptions used in calculating Estimated Remaining Collections; provided, further that no amendment or waiver shall: (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the date fixed for any scheduled payment of any principal (excluding any mandatory prepayment) of, or interest on, any Loan or LC Disbursement or any fees hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the termination or reduction of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.21(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section 10.2 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender; (vi) release the Borrower or, except as otherwise expressly permitted hereunder, any Guarantor, or limit the liability of the Borrower under the Loan Documents or any such Guarantor under any guaranty agreement, without the written consent of each Lender (it being understood that the creation of a class of unrestricted or similarly designated Subsidiaries approved by the Required Lenders which class would not be required to guaranty the Obligations shall not be considered a release of any Guarantor); (vii) release all or substantially all of the Collateral securing any of the Obligations or agree to subordinate any Lien in such Collateral to any other creditor of the Borrower or any Subsidiary, without the written consent of each Lender; (viii) subordinate the Loans to any other Indebtedness without the consent of all Lenders; (ix) increase the aggregate of all Commitments (other than pursuant to Section 2.24(a)) without the consent of all of the Lenders; or (x) change Section 7.2 of the Security Agreement (or the defined terms therein) in a manner that would alter the sharing of payments required thereby without the written consent of each Lender (or Affiliate of such Lender) directly and adversely affected thereby; provided further, that no such agreement shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent, the Swingline Lender or the Issuing Bank without the prior written consent of such Person. Notwithstanding anything contained herein to the contrary, (x) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver

or consent hereunder, except that (I) the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender and (II) subject in all respects to Section 2.23, no amendment or waiver shall reduce the principal amount of any Loan or reduce the rate of interest on any Loan, in each case, owing to a Defaulting Lender, without the consent of such Defaulting Lender and (y) this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated (but such Lender shall continue to be entitled to the benefits of Section 2.18(a), Section 2.20, Section 2.20(a) and Section 10.3), such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement. Notwithstanding anything herein or otherwise to the contrary, any Event of Default occurring hereunder shall continue to exist (and shall be deemed to be continuing) until such time as such Event of Default is waived in writing in accordance with the terms of this Section notwithstanding (i) any attempted cure or other action taken by the Borrower or any other Person subsequent to the occurrence of such Event of Default or (ii) any action taken or omitted to be taken by the Administrative Agent or any Lender prior to or subsequent to the occurrence of such Event of Default (other than the granting of a waiver in writing in accordance with the terms of this Section).

**Section 10.3. Expenses; Indemnification.**

(a) The Borrower shall reimburse the Agents and the Arrangers for any reasonable costs, internal charges and out-of-pocket expenses (including reasonable attorneys' and paralegals' fees and time charges of attorneys for each Agent, which attorneys may be employees of such Agent and expenses of and fees for other advisors and professionals engaged by such Agent or the Arrangers) paid or incurred by any Agent or the Arrangers in connection with the investigation, preparation, negotiation, documentation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, amendment, modification and administration of the Loan Documents. The Borrower also agrees to reimburse the Agents, the Arrangers, the Issuing Bank and the Lenders for any reasonable costs, internal charges and out-of-pocket expenses (including reasonable attorneys' and paralegals' fees and time charges and expenses of attorneys and paralegals for the Agents, the Arrangers, the Issuing Bank and the Lenders, which attorneys and paralegals may be employees of the Agents, the Arrangers, the Issuing Bank or the Lenders) paid or incurred by the Agents, the Arrangers, the Issuing Bank or any Lender in connection with (i) the collection and enforcement of the Loan Documents and (ii) any workout, restructuring or negotiations in respect of any of the Obligations. Expenses being reimbursed by the Borrower under this Section include, without limitation, the cost and expense of obtaining the field examination contemplated by Section 5.7 and the preparation of Reports described in the following sentence based on the fees charged by a third party retained by either Agent or the internally allocated fees for each Person employed by such Agent with respect to each field examination. The Borrower acknowledges that from time to time either Agent may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") pertaining to the Borrower's assets for internal use by the Agents from information furnished to them by or on behalf of the Borrower, after either such Agent has exercised its rights of inspection pursuant to this Agreement.

(b) The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender, the Swingline Lender and the Issuing Bank, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, penalties and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank 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), (iii) the use by any Person of any information or materials obtained by or through SyndTrak or other internet web sites, (iv) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) The Borrower shall pay, and hold the Administrative Agent, the Issuing Bank, the Swingline Lender and each of the Lenders harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Agreement and any other Loan Documents, any collateral described therein, or any payments due thereunder, and save the Administrative Agent and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes.

(d) To the extent that the Borrower fails to pay any amount required to be paid to the Administrative Agent, the Issuing Bank or the Swingline Lender under clauses (a), (b) or (c) of this Section 10.3, each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender’s Pro Rata Share (determined as of the time that the unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided, that the unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(e) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated herein or therein, any Loan or any Letter of Credit or the use of proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(f) All amounts due under this Section 10.3 shall be payable promptly after written demand therefor.

#### **Section 10.4. 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 the Administrative Agent and each Lender, 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 paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (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 paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (in each case with respect to either Facility) any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it (in each case with respect to either Facility) or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in Section 10.4(b)(i)(A), the aggregate amount of the Commitment (which for this purpose includes Loans and Revolving Credit Exposure outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans and Revolving Credit Exposure of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent or, if “Trade Date” is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than \$3,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); *provided* that the Borrower shall be deemed to have consented to any such lower amount unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement with respect to the Loans, Revolving Credit Exposure or the Commitments assigned, except that this clause (ii) 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.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by Section 10.4(b)(i)(B) and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; *provided* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (i) the Revolving Facility or any unfunded Commitments with respect to the Term Loan Facility if such assignment is to a Person that is not a Lender with a Commitment in respect of such Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender, or (ii) any Term Loans to a Person who is not a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the consent of the Issuing Bank and Swingline Lender (not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Facility.

(iv) Assignment and Acceptance. The parties to each assignment shall deliver to the Administrative Agent (A) a duly executed Assignment and Acceptance, (B) a processing and recordation fee of \$3,500 (except in the case of an assignment by a Lender to an Affiliate of such Lender); provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment, (C) an Administrative Questionnaire unless the assignee is already a Lender and (D) the documents required under Section 2.20 if such assignee is a Foreign Lender.

(v) No Assignment to Borrower. No such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Issuing Bank, the Swingline Lender and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Applicable Revolver Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section 10.4, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, 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 Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance 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 Section 2.18 and Section 10.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or

transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph 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 paragraph (d) of this Section 10.4. If the consent of the Borrower to an assignment is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified above), the Borrower shall be deemed to have given its consent five (5) Business Days after the date notice thereof has actually been delivered by the assigning Lender (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such fifth Business Day.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Atlanta, Georgia a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and Revolving Credit Exposure 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 Administrative Agent 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. The Register shall be available for inspection by any Lender at any reasonable time and from time to time upon reasonable prior notice; information contained in the Register shall also be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In establishing and maintaining the Register, the Administrative Agent shall serve as the Borrower's agent solely for tax purposes and solely with respect to the actions described in this Section, and the Borrower hereby agrees that, to the extent SunTrust Bank serves in such capacity, SunTrust Bank and its officers, directors, employees, agents, sub-agents and affiliates shall constitute an "Indemnitee" for purposes of Section 10.3.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, the Issuing Bank or the Swingline Lender sell participations to any Person (other than a natural person, the Borrower or any of the Borrower's Affiliates or Subsidiaries) (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 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 Administrative Agent, the Lenders, the Issuing Bank and the Swingline Lender shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 2.20(e) with respect to any payments made by such Lender to its Participant(s).

(e) 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 to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 10.2(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Section 2.18 and Section 2.20 (subject to the requirements and limitations

therein, including the requirements under Section 2.20(g) (it being understood that the documentation required under Section 2.20(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.25 and Section 2.27 as if it were an assignee under clause (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.18 and Section 2.20, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.27 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.21(c) 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 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 Section 5f.103-1(c) of the United States Treasury 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) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank or to any 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.

#### **Section 10.5. Performance of Obligations.**

The Borrower agrees that the Collateral Agent may, but shall have no obligation to (i) at any time, pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against any Collateral and (ii) after the occurrence and during the continuance of a Default make any other payment or perform any act required of the Borrower under any Loan Document or take any other action which the Collateral Agent in its discretion deems necessary or desirable to protect or preserve the Collateral, including, without limitation, any action to (x) effect any repairs or obtain any insurance called for by the terms of any of the Loan Documents and to pay all or any part of the premiums therefor and the costs thereof and (y) pay any rents payable by the Borrower which are more than 30 days past due, or as to which



the landlord has given notice of termination, under any lease. The Collateral Agent shall use its best efforts to give the Borrower notice of any action taken under this Section prior to the taking of such action or promptly thereafter provided the failure to give such notice shall not affect the Borrower's obligations in respect thereof. The Borrower agrees to pay the Collateral Agent, upon demand, the principal amount of all funds advanced by the Collateral Agent under this Section, together with interest thereon at the rate from time to time applicable to Base Rate Loans from the date of such advance until the outstanding principal balance thereof is paid in full. If the Borrower fails to make payment in respect of any such advance under this Section within one (1) Business Day after the date the Borrower receives written demand therefor from the Collateral Agent, the Collateral Agent shall promptly notify each Lender and each Lender agrees that it shall thereupon make available to the Collateral Agent, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of such advance. If such funds are not made available to the Collateral Agent by such Lender within one (1) Business Day after the Collateral Agent's demand therefor, the Collateral Agent will be entitled to recover any such amount from such Lender together with interest thereon at the Federal Funds Rate for each day during the period commencing on the date of such demand and ending on the date such amount is received. The failure of any Lender to make available to the Administrative Agent its Pro Rata Share of any such unreimbursed advance under this Section shall neither relieve any other Lender of its obligation hereunder to make available to the Collateral Agent such other Lender's Pro Rata Share of such advance on the date such payment is to be made nor increase the obligation of any other Lender to make such payment to the Collateral Agent. All outstanding principal of, and interest on, advances made under this Section shall constitute Obligations secured by the Collateral until paid in full by the Borrower

**Section 10.6. Governing Law; Jurisdiction; Consent to Service of Process.**

(a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the United States District Court of the Southern District of New York, and of the Supreme Court of the State of New York sitting in New York county and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York court or, to the extent permitted by applicable law, 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. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section 10.4(a) and brought in any court referred to in paragraph (b) of this Section 10.4(a). Each of the parties hereto 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 to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

**Section 10.7. WAIVER OF JURY TRIAL.**

EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**Section 10.8. Right of Setoff.**

If an Event of Default shall have occurred and be continuing, or if any Loan Party shall have become insolvent, however evidenced, each Lender (including the Swingline Lender), the Issuing Bank, and each of their respective Affiliates is hereby authorized at any time and from time to time, 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, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender, the Issuing Bank or any such Affiliate, to or for the credit or the account of any Loan Party against any and all of the obligations of the Loan Parties now or hereafter existing under this Agreement or any other Loan Document to such Lender or the Issuing Bank or their respective Affiliates, irrespective of whether or not such Lender, the Issuing Bank or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Loan Parties may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender or the Issuing Bank different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any

Defaulting Lender shall exercise any such right of setoff hereunder or under any other Loan Document, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.23 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Bank, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the Issuing Bank and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Issuing Bank or their respective Affiliates may have. Each Lender and the Issuing Bank agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

**Section 10.9. Counterparts; Integration.**

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or by email, in pdf format), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the Fee Letter, the other Loan Documents, and any separate letter agreement(s) relating to any fees payable to the Administrative Agent constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart of a signature page of this Agreement and any other Loan Document by telecopy or by email, in pdf format, shall be effective as delivery of a manually executed counterpart of this Agreement or such other Loan Document.

**Section 10.10. Survival.**

All covenants, agreements, representations and warranties made by the Borrower herein, in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to 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 and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Section 2.18(a), Section 2.19, Section 2.20 and Section 10.3 and ARTICLE IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof. All representations and warranties made herein, in the Loan Documents in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Loans and the issuance of the Letters of Credit.

**Section 10.11. Severability.**

Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 10.12. Confidentiality.**

The Administrative Agent and each Lender agrees to hold any Confidential Information (as hereinafter defined) which it may receive from the Borrower in connection with this Agreement in confidence, except for disclosure (i) to its Affiliates and to the Agents and any other Lender and their respective Affiliates in connection with the transactions contemplated by this Agreement (provided that such parties are informed of the confidential nature of the Confidential Information and are instructed to keep such Confidential Information confidential), (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee (as defined below) in connection with the transactions contemplated by this Agreement (provided that such parties are informed of the confidential nature of the Confidential Information and are instructed to keep such Confidential Information confidential), (iii) to regulatory agencies or authorities purporting to have jurisdiction over the Loan Parties (including bank examiners and any self-regulatory authority such as the National Association of Insurance Commissioners) upon request or as required by law, (iv) subject to the proviso below, to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to its direct or indirect contractual counterparties and prospective counterparties in swap agreements related to the Credit Extensions or to legal counsel, accountants and other professional advisors to such counterparties when provided for such purposes, (vi) permitted by the last sentence of this Section, (vii) to rating agencies if requested or required by such agencies in connection with a rating relating to the Credit Extensions hereunder, (viii) the CUSIP Service Bureau or any similar organization and (ix) in connection with enforcement of the rights and remedies of the Agents or any Lender under the Loan Documents to the extent such disclosure is necessary or appropriate to pursue such enforcement in a commercially reasonable manner; provided that, in the case of subsection (iv) to the extent permitted by applicable law, the Administrative Agent or relevant Lender to whom the disclosure request or requirement is made, agrees to use its commercially reasonable efforts to promptly notify the Borrower of such request or requirement so that the Borrower may (a) seek an appropriate protective order or other appropriate order at the Borrower's sole cost and expense and/or (b) waive compliance with this proviso (it being understood and agreed that if the Borrower does not have the right to obtain such an order or if the Borrower does not commence procedures to obtain such a protective order within five (5) Business Days of receipt of such notice, the Administrative Agent and Lenders' compliance with this proviso shall be deemed to have been waived with respect to such disclosure). Without limiting Section 10.9, the Borrower agrees that the terms of this Section shall set forth the entire agreement between the Borrower and each Lender (including the Agents) with respect to any

Confidential Information previously or hereafter received by such Lender in connection with this Agreement, and this Section shall supersede any and all prior confidentiality agreements entered into by such Lender with respect to such Confidential Information. As used in this Section, "Confidential Information" means any information or material regarding the business operations, procedures, methods and plans of the Borrower and its Subsidiaries, any financial data, proposed transaction or financing structures, information relating to the Receivables or the Receivables Portfolios, and all reports (other than copies of reports filed with the Securities and Exchange Commission) and other information provided pursuant to Section 5.1, together with all notes, analyses, compilations, studies and other documents to the extent they contain or otherwise reflect such information; provided that "Confidential Information" shall not include any such information which (i) is generally available to the public at the time it is provided by, or on behalf of, the Borrower or any Subsidiary, (ii) was known to the intended recipient prior to such information being disclosed to either Agent or any Lender and/or (iii) is independently developed by or for the Agents or any Lender. The Borrower authorizes each Lender to disclose to any Participant or Eligible Assignee or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries, including without limitation any information contained in any Reports; *provided* that each Transferee and prospective Transferee agrees to be bound by this Section.

**Section 10.13. Interest Rate Limitation.**

Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which may be treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate of interest (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by a Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 10.13 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

**Section 10.14. Waiver of Effect of Corporate Seal.**

The Borrower represents and warrants that neither it nor any other Loan Party is required to affix its corporate seal to this Agreement or any other Loan Document pursuant to any applicable law or any of its respective charter or organizational documents, agrees that this Agreement is delivered by Borrower under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Loan Documents.

**Section 10.15. Patriot Act.**

The Administrative Agent and 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 "Patriot Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the Patriot Act. Each Loan Party shall, and shall cause each of its Subsidiaries to, provide to the extent commercially reasonable, such information and take such other actions as are reasonably requested by the Administrative Agent or any Lender in order to assist the Administrative Agent and the Lenders in maintaining compliance with the Patriot Act.

**Section 10.16. Independence of Covenants.**

All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

**Section 10.17. No Advisory or Fiduciary Relationship.**

In connection with all aspects of the transactions contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Lenders and the Arrangers are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Lenders and the Arrangers, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower 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) each of the Administrative Agent, the Lenders and each Arrangers 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 or any of its Affiliates, or any other Person and (B) neither the Administrative Agent nor any Lender or Arranger has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, each Lender and each Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent nor any Lender or Arrangers has any obligation to disclose any of such interests to the Borrower or any of its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent or any Lender or either Arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

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Schedule I-A

**APPLICABLE MARGIN AND APPLICABLE PERCENTAGE**

<u>Pricing Level</u>	<u>Cash Flow Leverage Ratio</u>	<u>Applicable Margin for Eurodollar Loans</u>	<u>Applicable Margin for Base Rate Loans</u>	<u>Applicable Percentage for Commitment Fee</u>
I	Less than 1.00:1.00	2.50% per annum	1.50% per annum	0.30% per annum
II	Less than 1.50:1.00 but greater than or equal to 1.00:1.00	2.75% per annum	1.75% per annum	0.35% per annum
III	Greater than or equal to 1.50:1.00	3.00% per annum	2.00% per annum	0.40% per annum

[SCHEDULE I-A]

Schedule I-B

**APPLICABLE MARGIN AND APPLICABLE PERCENTAGE**  
**(Term Loan A-1)**

<u>Pricing Level</u>	<u>Cash Flow Leverage Ratio</u>	<u>Applicable Margin for Eurodollar Loans</u>	<u>Applicable Margin for Base Rate Loans</u>
I	Less than 1.00:1.00	2.00% per annum	1.00% per annum
II	Less than 1.50:1.00 but greater than or equal to 1.00:1.00	2.25% per annum	1.25% per annum
III	Greater than or equal to 1.50:1.00	2.50% per annum	1.50% per annum

[SCHEDULE I-B]



## Schedule II-A

**REVOLVING COMMITMENT AND TERM LOAN A COMMITMENT  
AMOUNTS**

<u>Lender</u>	<u>Revolving Commitment Amount</u>	<u>Term Loan A Commitment Amount</u>
SunTrust Bank	\$ 83,278,619.73	\$16,552,380.95
Bank of America, N.A.	73,435,714.00	17,028,571.43
Fifth Third Bank	51,070,190.48	9,523,809.52
ING Capital LLC	66,071,428.58	9,523,809.52
Morgan Stanley Bank, N.A.	40,625,000.00	10,000,000.00
California Bank & Trust	32,380,952.00	7,619,047.62
Citibank, N.A.	43,749,999.98	6,666,666.67
Bank Leumi USA	10,767,857.14	4,514,285.71
Israel Discount Bank of New York	16,190,476.19	3,809,523.81
First Bank	16,041,666.67	3,333,333.33
Amalgamated Bank	15,892,857.14	2,857,142.86
Union Bank	22,321,428.59	2,857,142.86
Cathay Bank, California Banking Corporation	13,164,285.70	1,904,761.90
Chang Hwa Commercial Bank, Ltd., New York Branch	19,345,238.10	1,904,761.90
Manufacturers Bank	8,214,285.70	1,904,761.90
Barclays Bank	20,000,000.00	0.00
RBS Citizens	35,000,000.00	0.00
Flagstar Bank	25,000,000.00	0.00
PrivateBank and Trust	25,000,000.00	0.00
Western Alliance Bank	25,000,000.00	0.00
Raymond James Bank	20,000,000.00	0.00
UBS AG, Stamford Branch	20,000,000.00	0.00
CTBC Bank	10,000,000.00	0.00
<b><u>Total</u></b>	<b><u>\$ 692,550,000.00</u></b>	<b><u>\$ 100,000,000</u></b>

[SCHEDULE II-A]

Schedule II-B

TERM LOAN A-1 COMMITMENT AMOUNTS<sup>1</sup>

	<u>Lender</u>	<u>Term Loan A-1 Commitment Amount</u>
	Deutsche Bank AG, New York Branch	\$50,000,000.00
	<b>Total</b>	<b>\$50,000,000.00</b>

<sup>1</sup> The Term Loan A-1 Commitment Amount in effect as of the Closing Date is listed in Section 2.9(c) of the Credit Agreement.

[SCHEDULE II-B]

## Schedule III

**EXTENDING LENDERS AND NON-EXTENDING LENDERS****Extending Lenders:**

<u>Lender</u>	<u>Revolving Commitment Amount</u>	<u>Term Loan A-2 Commitment Amount</u>
SunTrust Bank	\$ 83,278,619.73	\$ 15,040,427.92
Bank of America, N.A.	73,435,714.00	15,964,286.00
Fifth Third Bank	51,070,190.48	8,929,809.52
ING Capital LLC	66,071,428.58	8,928,571.42
Morgan Stanley Bank, N.A.	40,625,000.00	9,375,000.00
California Bank & Trust	32,380,952.00	7,619,048.00
Citibank, N.A.	43,749,999.98	6,250,000.02
Bank Leumi USA	10,767,857.14	4,232,142.86
First Bank	16,041,666.67	3,124,999.98
Union Bank	22,321,428.59	2,678,571.41
Cathay Bank, California Banking Corporation	13,164,285.70	1,785,714.30
Chang Hwa Commercial Bank, Ltd., New York Branch	19,345,238.10	1,785,714.30
Manufacturers Bank	8,214,285.70	1,785,714.30
Barclays Bank PLC	20,000,000.00	0.00
RBS Citizens	35,000,000.00	0.00
Flagstar Bank	25,000,000.00	0.00
PrivateBank and Trust	25,000,000.00	0.00
Western Alliance Bank	25,000,000.00	0.00
Raymond James Bank	20,000,000.00	0.00
UBS AG, Stamford Branch	20,000,000.00	0.00
CTBC Bank	10,000,000.00	0.00
<b><u>Total</u></b>	<b><u>\$ 660,466,666.67</u></b>	<b><u>\$ 87,500,000.03</u></b>

**Non-Extending Lenders:**

<u>Lender</u>	<u>Revolving Commitment Amount</u>	<u>Term Loan A Commitment Amount</u>
Israel Discount Bank of New York	16,190,476.19	3,571,428.56
Amalgamated Bank	15,892,857.14	2,678,571.41
<b><u>Total</u></b>	<b><u>\$ 32,083,333.33</u></b>	<b><u>\$ 6,249,999.97</u></b>

[SCHEDULE III]

**EXISTING LETTERS OF CREDIT**

N/A

[SCHEDULE 2.22]

TAXES

Tax return for period of January 1, 2009 through December 31, 2010 for Encore Capital Group, Inc. and its subsidiaries is currently being audited by Massachusetts Department of Revenue. The tentative result of this audit is an expected refund of \$2,434.

[SCHEDULE 4.8]

**SUBSIDIARIES**

<b><u>Subsidiary</u></b>	<b><u>Jurisdiction of Organization</u></b>	<b><u>Percentage Ownership</u></b>
Ascension Capital Group, Inc. (immaterial subsidiary)	Delaware	100% owned by Midland Credit Management
Midland Credit Management, Inc.	Kansas	100% owned by the Borrower
Midland Funding NCC-2 Corporation	Delaware	100% owned by Midland Funding NCC-2 Corporation
Midland Portfolio Services, Inc.	Delaware	100% owned by Midland Credit Management, Inc.
MRC Receivables Corporation	Delaware	100% owned by Midland Portfolio Services, Inc.
Midland International LLC	Delaware	100% owned by Midland Credit Management, Inc.
Propel Acquisition LLC	Delaware	100% owned by the Borrower
Midland India LLC	Minnesota	100% owned by Midland International LLC
Midland Funding LLC	Delaware	100% owned by Midland Portfolio Services, Inc.
Midland Credit Management India Private Limited	New Delhi, India	99.999% owned by Midland India LLC .001% owned by Midland International LLC
MCM Midland Management Costa Rica, SRL (immaterial subsidiary)	Costa Rica	100% owned by Midland Credit Management, Inc.
Midland Credit Management (Mauritius) Ltd. (immaterial subsidiary)	Mauritius	100% owned by Encore Capital Group, Inc.
BNC Retax, LLC	Texas	100% owned by Propel Acquisition LLC
Propel Financial Services, LLC	Texas	100% owned by Propel Acquisition LLC
Propel Funding, LLC	Delaware	100% owned by Propel Acquisition LLC
Propel Funding Ohio, LLC	Delaware	100% owned by Propel Funding, LLC
RioProp Holdings, LLC	Texas	50% owned by Propel Acquisition LLC 50% owned by Propel Financial Services, LLC
RioProp Ventures, LLC	Texas	100% owned by Propel Acquisition LLC

[SCHEDULE 4.14]

**MATERIAL AGREEMENTS**

Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of May 9, 2013, by and among Encore Capital Group, Inc. and the purchasers named therein, as amended by the Amendment No. 1 thereto dated as of May 29, 2013 and the Amendment No. 2 thereto dated as of February 25, 2014.

Credit Facility Loan Agreement, dated as of May 8, 2012, by and among Texas Capital Bank, National Association, as Administrative Agent, certain banks party thereto and Propel Financial Services, LLC, as amended by the Amendment No. 1 thereto dated as of February 7, 2013 and the Amendment No. 2 thereto dated as of December 27, 2013.

Tax Lien Loan and Security Agreement, dated as of May 15, 2013 by and among PFS Financial 1, LLC, as borrower, the other borrowers party thereto, PFS Finance Holdings LLC, as borrower representative, and Wells Fargo Bank, N.A., as lender.

Indenture dated as of November 27, 2012 between Encore Capital Group, Inc., as issuer, and Union Bank, N.A. as trustee.

Indenture dated as of June 24, 2013 among Encore Capital Group, Inc., as issuer, Midland Credit Management, Inc., as guarantor, and Union Bank, N.A. as trustee.

[SCHEDULE 4.20]

**POST-CLOSING OBLIGATIONS**

None.

[SCHEDULE 5.12]



**OUTSTANDING INDEBTEDNESS**

1. Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of May 9, 2013, by and among Encore Capital Group, Inc. and the purchasers named therein, as amended by the Amendment No. 1 thereto dated as of May 29, 2013 and the Amendment No. 2 thereto dated as of February 25, 2014.
2. Deferred court costs advanced to contracted collections attorneys for certain out-of-pocket court costs and incurred in the ordinary course of business, and described more fully in Note 10 to the Condensed Consolidated Financial Statements included in Borrower's Form 10-Q filed August 2, 2012.
3. Obligations to participate in the Midland Credit Management, Inc. ("MCM") Executive Nonqualified Excess Plan (deferred compensation plan).
4. Obligations to participate in the MCM self-insured health insurance plans through Cigna and life insurance through Lincoln Financial.
5. The leases for real property listed below:
  - 3111 Camino Del Rio North, Ste. 1300  
San Diego, CA 92108  
Landlord: The Irvine Company
  - 8875 Aero Drive, San Diego, CA 92123  
Landlord: Aerovault Venture, L.P. c/o Property Management Ass.
  - 4302 East Broadway, Phoenix, AZ 85040  
Landlord: Pranjivan R. Lodhia and Lolita Lodhia
  - 16 McLeland Road, St. Cloud, MN 56303  
Landlord: FMT Services, Inc. (sublessor)
  - One Riverfront Plaza, Newark, NJ 07102  
Landlord: Matrix One Riverfront Plaza, LLC c/o Matrix Realty, Inc.
6. LIBOR swap arrangements with the counterparties entered into as of the date and for the amounts shown below:

Date of swap	Counterparty	Amount
8/11/2010	JP Morgan	\$25,000,000
8/19/2010	JP Morgan	\$25,000,000
10/19/2010	BBVA Compass	\$25,000,000
11/5/2010	ING	\$25,000,000
5/25/2011	JP Morgan	\$25,000,000
5/25/2011	Bank of America	\$25,000,000

[SCHEDULE 7.1(b)]

LIENS

<u>Jurisdiction Searched</u>	<u>Name Searched (as appears, if found)</u>	<u>Secured Party/Plaintiff</u>	<u>File Number Date</u>
Delaware, State	Encore Capital Group, Inc.	SunTrust Bank, as Collateral Agent	2010 0433734 filed 2/9/10
Delaware, State	Encore Capital Group, Inc.	SunTrust Bank, as Collateral Agent	2012 1959172 filed 5/22/12
Delaware, State	Encore Capital Group, Inc.	SunTrust Bank, as Administrative Agent	2012 4267532 filed 11/5/12
Kansas, State	Midland Credit Management, Inc.	SunTrust Bank, as Collateral Agent	5997135 filed 6/8/05
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	KEY EQUIPMENT FINANCE INC.	70546051 filed 2/11/08
Kansas, State	Midland Credit Management, Inc.	Roundup Funding, L.L.C.	6566608 filed 2/6/09
Kansas, State	Midland Credit Management, Inc.	Roundup Funding, L.L.C.	6572085 filed 2/20/09
Kansas, State	Midland Credit Management, Inc.	Roundup Funding, L.L.C.	6579189 filed 3/20/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	706050044 filed 5/7/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	Cisco Systems Capital Corporation	6608780 filed 6/24/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70669655 filed 8/14/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70675785 filed 9/15/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70681056 filed 10/9/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70682237 filed 10/16/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP	70689760 filed 11/24/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70690933 filed 12/1/09
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	Cisco Systems Capital Corporation	6668172 filed 2/1/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	DELL FINANCIAL SERVICES L.L.C.	70713826 filed 2/3/10
Kansas, State	Midland Credit Management, Inc.	SunTrust Bank, as Collateral Agent	6671564 filed 2/9/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	Cisco Systems Capital Corporation	6693329 filed 4/29/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP	70759563 filed 5/6/10
Kansas, State	Midland Credit Management, Inc.	Velocity Investments, LLC	97854301 filed 5/10/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70770081 filed 5/28/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70770727 filed 5/28/10

[SCHEDULE 7.2]

<u>Jurisdiction Searched</u>	<u>Name Searched (as appears, if found)</u>	<u>Secured Party/Plaintiff</u>	<u>File Number Date</u>
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70770735 filed 5/28/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP	70783084 filed 6/24/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	70785329 filed 6/29/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70807214 filed 8/17/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70807222 filed 8/17/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	US BANCORP EQUIPMENT FINANCE, INC.	70807305 filed 8/17/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	Cisco Systems Capital Corporation	6733315 filed 9/22/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	70827592 filed 9/30/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	70828301 filed 10/1/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANCORP BUSINESS EQUIPMENT FINANCE GROUP	70845826 filed 11/10/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	CISCO SYSTEMS CAPITAL CORPORATION	70848903 filed 11/17/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANCORP EQUIPMENT FINANCE, INC.	70854794 filed 12/2/10
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	70868711 filed 1/4/11
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANCORP BUSINESS EQUIPMENT FINANCE GROUP	70871152 filed 1/7/11
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	70880559 filed 1/25/11
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	70919530 filed 4/4/11
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANCORP EQUIPMENT FINANCE, INC.	70969956 filed 6/29/11
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANCORP EQUIPMENT FINANCE, INC.	70973412 filed 7/6/11
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	71017078 filed 9/23/11
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	71051994 filed 11/26/11
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71086081 filed 1/24/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71105899 filed 3/1/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	71123447 filed 3/30/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	71123603 filed 3/30/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	71124650 filed 4/2/12

[SCHEDULE 7.2]

<u>Jurisdiction Searched</u>	<u>Name Searched (as appears, if found)</u>	<u>Secured Party/Plaintiff</u>	<u>File Number Date</u>
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71128909 filed 4/6/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	Cisco Systems Capital Corporation	6893994 filed 4/10/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71139559 filed 4/20/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71148097 filed 5/2/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71148105 filed 5/2/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE, A DIVISION OF U.S. BANK NATIONAL ASSOCIAT	71149731 filed 5/4/12
Kansas, State	Midland Credit Management, Inc.	SunTrust Bank, as Collateral Agent	6906820 filed 5/22/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE, A DIVISION OF U.S. BANK NATIONAL ASSOCIAT	71182559 filed 6/19/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71191162 filed 6/28/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71207703 filed 7/23/12
Kansas, State	Midland Credit Management, Inc.	SunTrust Bank, as Administrative Agent	6947121 filed 11/5/12
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	IBM CREDIT LLC	71318823 filed 1/3/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	CIT FINANCE LLC	71320134 filed 1/4/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE, A DIVISION OF U.S. BANK NATIONAL ASSOCIATION	71331396 filed 1/17/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	Cisco Systems Capital Corporation	6967145 filed 1/31/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE, A DIVISION OF U.S. BANK NATIONAL ASSOCIATION	71368026 filed 3/14/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE, A DIVISION OF U.S. BANK NATIONAL ASSOCIATION	71410299 filed 5/8/13

[SCHEDULE 7.2]

<u>Jurisdiction Searched</u>	<u>Name Searched (as appears, if found)</u>	<u>Secured Party/Plaintiff</u>	<u>File Number Date</u>
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE, A DIVISION OF U.S. BANK NATIONAL ASSOCIATION	71453778 filed 7/1/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71496959 filed 8/22/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	Western Alliance Equipment Finance, Inc.	7030844 filed 9/30/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	WESTERN ALLIANCE EQUIPMENT FINANCE, INC.	71537174 filed 10/17/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE, A DIVISION OF U.S. BANK NATIONAL ASSOCIATION	71543362 filed 10/28/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	WESTERN ALLIANCE EQUIPMENT FINANCE, INC.	71547447 filed 10/31/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	Bank of the West	7045669 filed 11/27/13
Kansas, State	MIDLAND CREDIT MANAGEMENT, INC.	U.S. BANK EQUIPMENT FINANCE	71577915 filed 12/20/13
Delaware, State	Midland International LLC	SunTrust Bank, as Collateral Agent	2010 0433981 filed 2/9/10
Delaware, State	Midland International LLC	SunTrust Bank, as Collateral Agent	2012 1959404 filed 5/22/12
Delaware, State	Midland International LLC	SunTrust Bank, as Administrative Agent	2012 4267599 filed 11/5/12
Minnesota, State	Midland India LLC	SunTrust Bank, as Collateral Agent	201019088181 filed 2/9/10
Minnesota, State	Midland India LLC	SunTrust Bank, as Collateral Agent	201228393207 filed 5/22/12
Minnesota, State	Midland India LLC	SunTrust Bank, as Administrative Agent	201230151019 filed 11/6/12
Delaware, State	Midland Portfolio Services, Inc.	SunTrust Bank, as Collateral Agent	2010 0434039 filed 2/9/10
Delaware, State	Midland Portfolio Services, Inc.	SunTrust Bank, as Collateral Agent	2012 1959453 filed 5/22/12

[SCHEDULE 7.2]

<u>Jurisdiction Searched</u>	<u>Name Searched (as appears, if found)</u>	<u>Secured Party/Plaintiff</u>	<u>File Number Date</u>
Delaware, State	Midland Portfolio Services, Inc.	SunTrust Bank, as Administrative Agent	2012 4267623 filed 11/5/12
Delaware, State	Midland Funding LLC	SunTrust Bank, as Collateral Agent	2010 0433858 filed 2/9/10
Delaware, State	Midland Funding LLC	SunTrust Bank, as Collateral Agent	2012 1959206 filed 5/22/12
Delaware, State	Midland Funding LLC	SunTrust Bank, as Administrative Agent	2012 4267672 filed 11/5/12
Delaware, State	MRC Receivables Corporation	SunTrust Bank, as Collateral Agent	2010 0433585 filed 2/9/10
Delaware, State	MRC Receivables Corporation	SunTrust Bank, as Collateral Agent	2012 1959511 filed 5/22/12
Delaware, State	MRC Receivables Corporation	SunTrust Bank, as Administrative Agent	2012 4267714 filed 11/5/12
Delaware, State	Midland Funding NCC-2 Corporation	SunTrust Bank, as Collateral Agent	2010 0433916 filed 2/9/10
Delaware, State	Midland Funding NCC-2 Corporation	SunTrust Bank, as Collateral Agent	2012 1959313 filed 5/22/12
Delaware, State	Midland Funding NCC-2 Corporation	SunTrust Bank, as Administrative Agent	2012 4267789 filed 11/5/12
Delaware, State	Propel Acquisition LLC	SunTrust Bank, as Collateral Agent	2012 2418897 filed 6/22/12
Delaware, State	Propel Acquisition LLC	SunTrust Bank, as Administrative Agent	2012 4267839 filed 11/5/12
Delaware, State	Propel Funding LLC	SunTrust Bank, as Collateral Agent	2013 5090825 filed 12/23/13
Delaware, State	Asset Acceptance Capital Corp.	SunTrust Bank, as Collateral Agent	2013 4879293 filed 12/10/13
Delaware, State	Asset Acceptance Recovery Services, LLC	SunTrust Bank, as Collateral Agent	2013 4879236 filed 12/10/13
Delaware, State	Asset Acceptance Solutions Group, LLC	SunTrust Bank, as Collateral Agent	2013 4879137 filed 12/10/13
Delaware, State	ASSET ACCEPTANCE, LLC	FIDELITY NATIONAL CAPITAL, INC	2008 2185625 filed 6/25/08
Delaware, State	ASSET ACCEPTANCE, LLC	PNCEF, LLC	2010 1136062 filed 4/2/10
Delaware, State	Asset Acceptance, LLC	SunTrust Bank, as Collateral Agent	2013 4879129 filed 12/10/13
Delaware, State	Legal Recovery Solutions, LLC	SunTrust Bank, as Collateral Agent	2013 4879558 filed 12/10/13

[SCHEDULE 7.2]

**PERMITTED INVESTMENTS**

None.

[SCHEDULE 7.4(a)]

**EXISTING INVESTMENTS**

None.

[SCHEDULE 7.4(b)]



## AMENDMENT NO. 2

Dated as of February 25, 2014

to

## SECOND AMENDED AND RESTATED SENIOR SECURED NOTE PURCHASE AGREEMENT

Dated as of May 9, 2013

THIS AMENDMENT NO. 2 ("Amendment") is made as of February 25, 2014 by and among Encore Capital Group, Inc. (the "Company") and the undersigned holders of Notes (the "Noteholders"). Reference is made to that certain Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of May 9, 2013, between the Company, on the one hand, and the Purchasers named therein, on the other hand (as amended by that certain Amendment No. 1 to Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of May 29, 2013, as the same may be further amended, supplemented or otherwise modified from time to time, the "Note Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Note Agreement.

WHEREAS, the Company has requested that the Noteholders agree to certain amendments with respect to the Note Agreement as provided in this Amendment;

WHEREAS, the Noteholders party hereto have agreed to such amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Noteholders party hereto have agreed to enter into this Amendment.

1. Amendments to Note Agreement. Effective as of the Effective Date, the Note Agreement is amended as follows:

(a) Section 5.6 is amended and restated, as follows:

"5.6 Taxes. Except as disclosed on Schedule 5.6, the Company and its Restricted Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any of its Restricted Subsidiaries, except in respect of such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists (except as permitted by Section 10.6.2). Except as disclosed on Schedule 5.6 and except as otherwise disclosed in writing to the holders of the Notes on or prior to the Amendment No. 2 Effective Date, as of the Amendment No. 2 Effective Date, none of the United States income tax returns of the Company and its Restricted Subsidiaries are being audited by the Internal Revenue

Service. To the knowledge of any of the Company's officers, no Liens have been filed, and no claims are being asserted with respect to such taxes. The charges, accruals and reserves on the books of the Company and its Restricted Subsidiaries in respect of any taxes or other governmental charges are adequate."

(b) Section 7.1.4 is amended to insert "Restricted Subsidiaries and" immediately prior to the reference to "Unrestricted Subsidiaries set forth in clause (ii) thereof."

(c) Section 8.1(d) is amended and restated, as follows:

"(d) Borrowing Base Mandatory Prepayments. If the amount equal to the Aggregate Revolving Credit Exposure exceeds the amount equal to the Borrowing Base by more than \$10,000,000 at any time, then the Company shall, no later than 2 Business Days after obtaining knowledge thereof, deliver an Officer's Certificate to the holders of Notes (notifying the holders of Notes thereof and certifying the amount of such excess, accompanied by a revised Borrowing Base Certificate). Unless within 5 Business Days after receipt of such Officer's Certificate the Required Holders shall have notified the Company of the Required Holders' election to forego prepayment, then on the date that is 7 Business Days after the date on which the Company shall have delivered such Officer's Certificate to the holders of Notes the Company shall prepay the Notes in an amount equal to the Ratable Share of the amount of such excess (or such lesser principal amount as shall then be outstanding), applied ratably between the 2010 Notes and the 2011 Notes, at 100% of the principal amount so prepaid and the Make-Whole Amount determined for the prepayment date with respect to such principal amount."

(d) Section 9.10 is amended to delete the reference to "minimum aggregate commitments" and to replace such reference with "minimum aggregate revolving commitments."

(e) Section 10.1 is amended: (i) to delete the reference to "February 8, 2010" in clause (v) of the first sentence thereof and to replace such reference with "the Amendment No. 2 Effective Date;" and (ii) to delete the reference to "Aggregate Outstanding Revolving Credit Exposure" in the final sentence thereof and to replace such reference with "Aggregate Revolving Credit Exposure."

(f) Section 10.3.5 is amended to delete "during the term of this Agreement" and to replace such language with "on and after the Amendment No. 2 Effective Date."

(g) Section 10.4 is amended and restated, as follows:

"10.4 Investments and Acquisitions. The Company will not, nor will it permit any Restricted Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, or other Investments in, Subsidiaries), or commitments therefor, or create any Subsidiary or become or remain a partner in any partnership or joint venture, or make any Acquisition of any Person, except:

10.4.1(i) Cash Equivalent Investments, (ii) any Permitted Indebtedness Hedge, and (iii) other Investments described in Schedule 10.4.1;

10.4.2 existing Investments in Restricted Subsidiaries and other Investments in existence on the date hereof and described in Schedule 10.4.2;

10.4.3 investments in Rate Management Transactions to the extent permitted under Section 10.5.3;

10.4.4 Acquisitions meeting the following requirements or otherwise approved by the Required Holders (each such Acquisition constituting a “**Permitted Acquisition**”):

(i) as of the date of the consummation of such Permitted Acquisition, no Default or Event of Default shall have occurred and be continuing or would result from such Permitted Acquisition, and the representation and warranty contained in Section 5.11 shall be true both before and after giving effect to such Permitted Acquisition;

(ii) such Permitted Acquisition is consummated pursuant to a negotiated acquisition agreement approved by the board of directors or other applicable governing body of the seller or entity to be acquired, and no material challenge to such Permitted Acquisition (excluding the exercise of appraisal rights) shall be pending or threatened by any shareholder or director of the seller or entity to be acquired;

(iii) the business to be acquired in such Permitted Acquisition is similar or related to one or more of the lines of business in which the Company and its Subsidiaries are engaged on the Closing Date;

(iv) as of the date of the consummation of such Permitted Acquisition, all material governmental and corporate approvals required in connection therewith shall have been obtained;

(v) the aggregate Purchase Price for all such Permitted Acquisitions after the Amendment No. 2 Effective Date shall not exceed \$225,000,000, provided that the Purchase Price for any single Permitted Acquisition shall not exceed \$75,000,000;

(vi) the Company shall have notified the holders of the Notes at least 5 Business Days (or such shorter period as may be agreed by the Required Holders) prior to the anticipated closing date of any such Permitted Acquisition;

(vii) if requested by the Required Holders, prior to the consummation of such Permitted Acquisition, the Company shall have delivered to the holders of Notes a pro forma consolidated balance sheet, income statement and cash flow statement of the Company and its Restricted Subsidiaries (the “**Acquisition Pro Forma**”), based on the Company’s most recent financial statements delivered pursuant to Section 7.1.1 (using, to the extent available, historical financial statements for such entity provided by the seller(s)) which shall be complete and shall fairly present, in all material respects, the financial condition and results of operations and cash flows of the Company and its Restricted Subsidiaries in accordance with Agreement Accounting Principles, but taking into account such Permitted Acquisition and the funding of all extensions of credit in connection therewith, and such Acquisition Pro Forma shall reflect that, on a pro forma basis, the Company would have been in compliance with the financial covenants set forth in Sections 10.12 and 10.13 for the period of four fiscal quarters reflected in the compliance certificate most recently delivered to the holders of Notes pursuant to Section 7.1.4 prior to the consummation of such

Permitted Acquisition (giving effect to such Permitted Acquisition and all extensions of credit funded in connection therewith as if made on the first day of such period); provided, however, that no such compliance with Section 10.12 is required to be demonstrated in such Acquisition Pro Forma for an Acquisition which is either (x) solely a purchase of assets or (y) an acquisition of an entity or a going business for which no financial statements are available; and

(viii) if requested by the Required Holders, prior to each such Permitted Acquisition, the Company shall deliver to the holders of Notes a documentation, information and certification package in form reasonably acceptable to the Required Holders and demonstrating conformity with the applicable Acquisition Pro Forma and sufficient to describe the assets and Persons being acquired, including, without limitation:

(A) a near-final version (with no further material amendments to be made thereto) of the acquisition agreement for such Permitted Acquisition together with drafts of the material schedules thereto;

(B) a near-final version (with no further material amendments to be made thereto) of all documents, instruments and agreements with respect to any Indebtedness to be incurred or assumed in connection with such Permitted Acquisition; and

(C) such other documents or information as shall be reasonably requested by the Required Holders in connection with such Permitted Acquisition;

10.4.5 a Permitted Restructuring;

10.4.6 creation of, or Investment in, a Restricted Subsidiary (other than (i) a Blocked Propel Subsidiary and (ii) a Foreign Subsidiary that is not a Credit Party) and in respect of which the Company has otherwise complied with Sections 9.7 and 9.8, provided that in the case of any investments in any Subsidiaries of Propel Acquisition LLC, such investment shall be permitted only to the extent that, after giving effect to such investment, (i) no Default shall exist and be continuing and (ii) the Company shall be in compliance with Sections 10.12 and 10.13 on a pro-forma basis as if the Investment occurred on the first day of the applicable period being tested pursuant to such Sections and 10.5.16;

10.4.7 Investments constituting Indebtedness permitted by Section 10.5.5 or Section 10.5.16;

10.4.8 Investments by a Credit Party in another Credit Party;

10.4.9 Minority Investments of the Company or its Restricted Subsidiaries, so long as (A) the aggregate Investment permitted under this Section 10.4.9 in any single Person shall not exceed \$20,000,000 at any time outstanding and (B) the aggregate for all Investments permitted by this Section 10.4.9 shall not at any time exceed \$60,000,000;

10.4.10 Permitted Foreign Subsidiary Investment/Loans; provided that the aggregate amount of Investments made pursuant to this Section 10.4.10 shall not exceed \$150,000,000 in any fiscal year of the Company; and

10.4.11 Investments in Unrestricted Subsidiaries and Blocked Propel Subsidiaries, provided that such Investments made on or after the Amendment No. 2 Effective Date shall not exceed in the aggregate at any time \$200,000,000 less the aggregate outstanding Investments made pursuant to Section 10.4.9.

For purposes of determining the amount of any Investment outstanding for purposes of this Section 10.4, such amount shall be deemed to be the Fair Market Value of such Investment when made, purchased or acquired less any amount realized by the Company or a Restricted Subsidiary in respect of such Investment upon the sale, collection or return of capital, including by way of a Subsidiary Redesignation after the Investment therein (in any case, not to exceed the original amount invested)."

(h) Section 10.5 is amended (i) to delete the term "\$300,000,000" set forth in clause 10.5.15 thereof and to replace such term with "\$450,000,000;" and (ii) to delete the term "\$300,000,000" set forth in clause 10.5.16 thereof and to replace such term with "\$400,000,000."

(i) Section 10.12.2 (Minimum Net Worth) is amended to delete the reference to "Section 10.1(v)(A)" at the end thereof and to replace such reference with a reference to "Section 10.1(v)."

(j) Section 10.14 (Capital Expenditures) is amended to delete the term "\$20,000,000" and to replace such term with "\$30,000,000."

(k) Section 10.15 (Rentals) is amended to delete the language "\$15,000,000 for any fiscal year" and to replace such language with "\$20,000,000 for any fiscal year of the Company."

(l) Section 10.17 (Acquisitions of Receivables Portfolios) is amended to delete the language "the lesser of (i) 50% of Consolidated Tangible Net Worth as of the Company's most recently ended fiscal quarter and based on the financial statements of the Company delivered hereunder for such fiscal quarter and (ii)."

(m) Schedule B of the Note Agreement is amended to delete the definitions for "Adjusted Available Aggregate Revolving Loan Commitment," "Aggregate Outstanding Revolving Credit Exposure," "Asset Acceptance Acquisition," "Asset Acceptance Merger Agreement," "Consolidated Tangible Net Worth" and "Propel Principal Collections."

(n) Schedule B of the Note Agreement is amended to insert the following new definitions (in their proper alphabetical order) or to amend and restate the following existing definitions, as applicable:

""**Acquisition**" means any transaction or any series of related transactions, other than a Permitted Restructuring or purchases or acquisitions of Receivables Portfolios in the ordinary course of business, consummated on or after the Closing Date, by which the Company or any of its Restricted Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise, or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of

transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding ownership interests of a partnership or limited liability company of any Person; provided, however, that the following shall not be considered an "Acquisition": (a) any asset purchase consisting solely of Receivables Portfolios; (b) the purchase of equity interests of an entity (1) the assets of which consist solely of Receivables and other Immaterial Assets which are used by such entity in connection with managing such receivables, (2) which conducts no business other than managing the Receivables held by such entity, and (3) which has no Indebtedness; (c) any asset purchase by one or more Subsidiaries of Propel Acquisition LLC consisting solely of Tax Liens; and (d) the purchase of equity interests by any Subsidiary of Propel Acquisition LLC of an entity (1) the assets of which consist solely of Tax Liens and other Immaterial Assets which are used by such entity in connection with managing such Tax Liens, (2) which conducts no business other than managing the Tax Liens held by such entity, and (3) which has no Indebtedness.

**"Adjusted Operating Expenses"** means, for any period of determination, total operating expenses related to the portfolio purchasing and recovery business of the Company and its Subsidiaries for such period calculated in accordance with Agreement Accounting Principles minus stock-based compensation expense, operating expenses related to non-portfolio purchasing and recovery business (including operating expenses related to the tax lien business of the Company and its Subsidiaries and other non-reportable operating segments, corporate overhead related to the management of such operating segments, and merger and acquisition activities), one-time charges, and acquisition and integration related operating expenses for such period.

**"Advance Rate"** means, for the period commencing on November 5, 2012 to the first Advance Rate Measurement Date, 33%, and, thereafter, for the period from (but not including) each Advance Rate Measurement Date to the immediately succeeding Advance Rate Measurement Date, the percentage obtained by subtracting from the Advance Rate in effect immediately prior to the first day of such period the difference (the "Cost Differential", and which may be a positive or negative number) between:

(a) the average Cost to Collect for the most recent four consecutive fiscal quarters (for which financial statements have been delivered in accordance with Section 7.1.1 or Section 7.1.2) ending on or before such Advance Rate Measurement Date; and

(b) the average Cost to Collect for the most recent four consecutive fiscal quarters (for which financial statements have been delivered in accordance with Section 7.1.1 or Section 7.1.2) ending on or before the Advance Rate Measurement Date immediately preceding such Advance Rate Measurement Date;

provided that if the resulting Cost Differential includes a fractional amount, the fractional portion thereof shall be ignored when determining the Cost Differential on the applicable Advance Rate Measurement Date but shall be added (or subtracted, as applicable) to the

Cost Differential obtained on the following Advance Rate Measurement Date (with any resulting fractional portion again being ignored and added (or subtracted, as applicable) subsequently); provided further that, except as set forth in the immediately following proviso, in no event shall the Advance Rate ever be lower than 30% or higher than 35% and provided further that the Advance Rate to be applied with respect to the Estimated Remaining Collections from Debtor Receivables shall in all events be 55%. The Company shall set forth in reasonable detail the calculations of the Advance Rate on each compliance certificate delivered pursuant to Section 7.1.4.

“**Aggregate Revolving Commitment**” has the meaning specified in the Credit Agreement as of the Amendment No. 2 Effective Date.

“**Aggregate Revolving Credit Exposure**” has the meaning specified in the Credit Agreement as of the date hereof.

“**Amendment No. 2 Effective Date**” means February 25, 2014.

“**Amortized Collections**” means, for any period, the aggregate amount of collections from receivable portfolios (including that portion attributable to sales of receivables) of the Company and its Restricted Subsidiaries (including Propel Acquisition LLC and its Restricted Subsidiaries with respect to receivables secured by tax liens) calculated on a consolidated basis for such period, in accordance with Agreement Accounting Principles, that are not included in consolidated revenues by reason of the application of such collections to principal of such receivable portfolios (for purposes of illustration only, the Amortized Collections have been most recently identified in the amount of (i) \$534,654,000 as the “Amount applied to principal on receivable portfolios” in the Company’s Non-GAAP Disclosure section of Management Discussion & Analysis plus (ii) \$70,573,000 as the “Collections applied to receivables secured by tax liens” in the Company’s Consolidated Statement of Cash Flows, in each case, for the period ended December 31, 2013 as reflected in the Company’s Form 10-K for such period).

“**Asset Sale**” means, with respect to the Company or any Restricted Subsidiary, the sale, lease, conveyance, disposition or other transfer by such Person of any of its assets (including by way of a Sale and Leaseback Transaction, and including the sale or other transfer of any of the capital stock or other equity interests of such Person or any Restricted Subsidiary of such Person) to any Person other than the Company or any of its Wholly-Owned Subsidiaries other than (i) the sale of Receivables in the ordinary course of business, (ii) the sale or other disposition of any obsolete, excess, damaged or worn-out Equipment disposed of in the ordinary course of business, (iii) leases of assets in the ordinary course of business consistent with past practice, and (iv) from and after the Amendment No. 2 Effective Date, sales or dispositions of assets outside the ordinary course of business with an aggregate fair market value not to exceed \$20,000,000.

“**Capital Expenditures**” means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with Agreement Accounting Principles, but excluding, solely for the fiscal year of the Company in which each Acquisition is consummated, any such expenditures of any Person or business acquired pursuant to such Acquisition.

“**Cost to Collect**” means, with respect to any period of determination, the ratio (expressed as a percentage) of Adjusted Operating Expenses for such period divided by the amount of domestic cash collections related to the portfolio purchasing and recovery business of the Company and its Restricted Subsidiaries during such period.

“**Credit Agreement**” means that certain Second Amended and Restated Credit Agreement, dated as of February 25, 2014, by and among the Company, the Lenders and the other Persons party thereto and SunTrust Bank, as administrative agent thereunder, as amended, amended and restated, supplemented, refinanced, replaced or otherwise modified from time to time.

“**Equipment Financing Transactions**” means the secured equipment financing arrangements entered into by any Credit Party in the ordinary course of business from time to time.

“**Immaterial Assets**” means (a) any tangible assets acquired in a Permitted Acquisition so long as such tangible assets do not constitute more than 5.0% of the Purchase Price for such Permitted Acquisition, and (b) Intangible Assets acquired in such Permitted Acquisition.

“**Intellectual Property Security Agreements**” means the second amended and restated intellectual property security agreements executed by the applicable Credit Parties on November 5, 2012 and such intellectual property security agreements as any Credit Party may from time to time after such date make in favor of the Collateral Agent for the benefit of the Secured Parties, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time.

“**Intercreditor Agreement**” means the Amended and Restated Intercreditor Agreement, dated as of November 5, 2012, among the Collateral Agent, the holders of the Notes and the Agent named therein, as amended, restated, supplemented or otherwise modified from time to time.

“**Investment**” of a Person means any loan, advance (other than commission, travel and similar advances to officers, employees made in the ordinary course of business), extension of credit (other than Accounts arising in the ordinary course of business, but including Contingent Obligations with respect to any obligation or liability of another Person) or contribution of capital by such Person; stocks, bonds, mutual funds, limited liability company interests, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person; provided, however, that the following shall not be considered an “Investment”: (a) the purchase of equity interests of an entity (1) the assets of which consist solely of Receivables and other Immaterial Assets which are used by such entity in connection with managing such Receivables, (2) which



conducts no business other than managing the Receivables held by such entity, and (3) which has no Indebtedness; (b) the purchase of equity interests by any Subsidiary of Propel Acquisition LLC of an entity (1) the assets of which consist solely of Tax Liens and other Immaterial Assets which are used by such entity in connection with managing such Tax Liens, (2) which conducts no business other than managing the Tax Liens held by such entity, and (3) which has no Indebtedness; and (c) Permitted Restructurings.

**“Mandatory Credit Agreement Prepayment”** means any mandatory prepayment or repayment required to be made on any term facility or revolving credit facility under the Credit Agreement, other than (i) those in effect on the Amendment No. 2 Effective Date, and (ii) the requirement to repay the outstanding principal amount of all revolving loans under the Credit Agreement on the Revolving Commitment Termination Date (as defined in the Credit Agreement on the date hereof), as the scheduled Revolving Commitment Termination Date may be extended from time to time hereafter.

**“Permitted Foreign Subsidiary Non-Recourse Indebtedness”** means Indebtedness of Foreign Subsidiaries, provided that (a) no Default or Event of Default exists at the time of or immediately after giving effect to the incurrence of such Indebtedness, (b) such Indebtedness is non-recourse at all times to the Company, the Guarantors and the Domestic Subsidiaries, (c) such Indebtedness does not benefit at any time from any direct or indirect guaranties or other credit support from the Company, any Guarantor or any Domestic Subsidiary, and (d) the total principal amount outstanding of such Indebtedness does not exceed 40% of Consolidated Net Worth at any time.

**“Pledge and Security Agreement”** means that certain Second Amended and Restated Pledge and Security Agreement, dated as of November 5, 2012, by and between the Credit Parties and the Collateral Agent for the benefit of the Secured Parties, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

**“Propel Indebtedness”** means the Indebtedness incurred by Propel Acquisition LLC and one or more Subsidiaries of Propel Acquisition LLC in connection with the Propel Acquisition and the on-going financing of the operations and business of Propel Acquisition LLC and such Subsidiaries of Propel Acquisition LLC.”

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the following conditions precedent (the date on which each of which has been satisfied or waived in writing being referred to in this Amendment as the **“Effective Date”**): (a) the Noteholders shall have received (i) counterparts of this Amendment, duly executed by the Company and the Required Holders, and the Consent and Reaffirmation attached hereto duly executed by the Guarantors, (ii) a fully executed copy of the Credit Agreement (or an amendment thereto), which shall be in form and substance reasonably satisfactory to the Required Holders, (iii) their ratable share of an amendment fee equal to 10 basis points multiplied by the aggregate principal amount of the Notes outstanding on the date hereof, and (iv) such other opinions, instruments and documents as are reasonably requested by the Noteholders; and (b) the Company shall have paid, to the extent invoiced, all fees and expenses of the Noteholders (including attorneys’ fees and expenses) in connection with this Amendment and the other Transaction Documents.

3. Representations and Warranties of the Company. The Company hereby represents and warrants as follows:

(a) This Amendment and the Note Agreement as amended hereby constitute legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their terms.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) there exists no Default or Event of Default and (ii) the representations and warranties contained in Section 5 of the Note Agreement are true and correct, except for representations and warranties made with reference solely to an earlier date, which are true and correct as of such earlier date.

4. Reference to and Effect on the Note Agreement.

(a) Upon the effectiveness hereof, each reference to the Note Agreement in the Note Agreement or any other Transaction Document shall mean and be a reference to the Note Agreement as amended hereby.

(b) Except as specifically amended above, the Note Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Other than as expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Noteholders, nor constitute a waiver of any provision of the Note Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) This Amendment shall constitute a "Transaction Document."

5. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York, excluding choice-of-law principles of the law of such state that would permit the application of the laws of a jurisdiction other than such state.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

**ENCORE CAPITAL GROUP, INC.**

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President and Chief Executive Officer

Signature Page to Amendment No. 2  
Encore Capital Group, Inc.  
Second Amended and Restated Senior Secured Note Purchase Agreement dated as of May 9, 2013

**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**

By: /s/ Jay S. White  
Vice President

**PRUCO LIFE INSURANCE COMPANY**

By: /s/ Jay S. White  
Vice President

**PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY**

By: Prudential Investment Management, Inc., investment manager

By: /s/ Jay S. White  
Vice President

**PRUDENTIAL ANNUITIES LIFE ASSURANCE CORPORATION**

By: Prudential Investment Management, Inc., investment manager

By: /s/ Jay S. White  
Vice President

Signature Page to Amendment No. 2  
Encore Capital Group, Inc.

Second Amended and Restated Senior Secured Note Purchase Agreement dated as of May 9, 2013

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 2 to the Second Amended and Restated Senior Secured Note Agreement dated as of May 9, 2013 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Note Agreement") by and between Encore Capital Group, Inc. (the "Company") and the holders of Notes party thereto (the "Noteholders"), which Amendment No. 2 is dated as of February 25, 2014 (the "Amendment"). Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Note Agreement. Without in any way establishing a course of dealing by any Noteholder, each of the undersigned agrees to be bound by its obligations under Section 1 of the Amendment and consents to the Amendment and reaffirms the terms and conditions of the Multiparty Guaranty, the Pledge and Security Agreement and any other Transaction Document executed by it and acknowledges and agrees that such agreement and each and every such Transaction Document executed by the undersigned in connection with the Note Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed.

All references to the Note Agreement contained in the above-referenced documents shall be a reference to the Note Agreement as modified by the Amendment and as each of the same may from time to time hereafter be amended, modified or restated.

Dated: February 25, 2014

[Signature Page Follows]

MIDLAND CREDIT MANAGEMENT, INC.

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President and Chief Executive Officer

MIDLAND PORTFOLIO SERVICES, INC.

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President

MIDLAND INDIA LLC

By: /s/ Glen V. Freter  
Name: Glen V. Freter  
Title: Treasurer

MIDLAND FUNDING NCC-2 CORPORATION

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President

PROPEL FUNDING LLC

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: Chief Executive Officer

ASSET ACCEPTANCE RECOVERY SERVICES, LLC

By: /s/ Ryan Stanley  
Name: Ryan Stanley  
Title: Vice President and General Manager

ASSET ACCEPTANCE, LLC

By: /s/ Ryan Stanley  
Name: Ryan Stanley  
Title: Vice President and General Manager

PROPEL ACQUISITION LLC

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: Chief Executive Officer

MIDLAND FUNDING LLC

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President

MIDLAND INTERNATIONAL LLC

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President

MRC RECEIVABLES CORPORATION

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President

ASSET ACCEPTANCE CAPITAL CORP.

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President and Chief Executive Officer

ASSET ACCEPTANCE SOLUTIONS GROUP, LLC

By: /s/ Ryan Stanley  
Name: Ryan Stanley  
Title: Vice President and General Manager

LEGAL RECOVERY SOLUTIONS, LLC

By: /s/ Ryan Stanley  
Name: Ryan Stanley  
Title: Vice President and General Manager

Signature Page to Consent and Reaffirmation  
Amendment No. 2

Encore Capital Group, Inc.

Second Amended and Restated Senior Secured Note Purchase Agreement dated as of May 9, 2013

## AMENDMENT NO. 1 TO AMENDED AND RESTATED GUARANTY

**AMENDMENT NO. 1 TO AMENDED AND RESTATED GUARANTY** (this "Amendment") is made as of February 25, 2014, by and among certain Subsidiaries of ENCORE CAPITAL GROUP, INC., a Delaware corporation ("Borrower"), party to the Guaranty (as defined below) (each individually, a "Guarantor" and collectively, the "Guarantors"; the Guarantors together with Borrower are each referred to herein individually as a "Loan Party" and collectively as the "Loan Parties"), and SUNTRUST BANK, as administrative agent (the "Administrative Agent") for the Lenders party to that certain Amended and Restated Credit Agreement, dated as of November 5, 2012, by and among the Borrower, the Lenders and SunTrust Bank, in its capacity as Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender (as amended by that certain Amendment No. 1 and Limited Waiver to Amended and Restated Credit Agreement, dated as of May 9, 2013 and that certain Amendment No. 2 to Amended and Restated Credit Agreement, dated as of May 29, 2013, the "Credit Agreement"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

## WITNESSETH:

**WHEREAS**, in connection with the Credit Agreement, the Guarantors entered into that certain Amended and Restated Guaranty, dated as of November 5, 2012 (as amended, restated, supplemented or otherwise modified from time to time the "Guaranty") in favor of SunTrust Bank, in its capacity as Administrative Agent for the benefit of the Guaranteed Creditors (as defined therein) pursuant to which the Guarantors agreed to guaranty, for the benefit of the Administrative Agent and the Guaranteed Creditors, the repayment and performance of all of the Guaranteed Obligations (as defined in the Guaranty);

**WHEREAS**, pursuant to that certain Amendment No. 3 to Amended and Restated Credit Agreement, dated as of the date hereof (the "Third Amendment"), Borrower, Lenders, Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender have agreed to amend the Credit Agreement, for purposes of, among other things, (i) increasing the amount of the Aggregate Revolving Commitments thereunder, (ii) extending the Revolving Commitment Termination Date and the Term Loan A-1 Maturity Date; and (iii) providing for the conversion of a portion of the Term Loan A to be converted into a Term Loan A-2 tranche.

**WHEREAS**, it is a condition precedent to the obligations of the Administrative Agent, Collateral Agent, Issuing Bank, Swingline Lender and the Lenders under the Third Amendment that the Guarantors enter into this Amendment to amend the Guaranty; and

**WHEREAS**, each Guarantor shall derive both direct and indirect additional benefits from the financial accommodations, modifications and amendments made pursuant to the Third Amendment.

**NOW, THEREFORE**, in consideration of the premises set forth herein and to induce the Administrative Agent, Collateral Agent, Issuing Lender, Swingline Lender and the Lenders to enter into the Third Amendment, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, each of the undersigned hereby agrees as follows:

1. Amendments to Guaranty.

(a) The recitals to the Guaranty are hereby amended by adding the following proviso to end of the final parenthetical in the third paragraph therein following the term “Guaranteed Obligations” and prior to the close parenthesis:

“; provided that, notwithstanding the foregoing, in no event shall the term “Guaranteed Obligations” include any Excluded Swap Obligations”.

(b) Section 4(B) of the Guaranty is hereby amended and restated in its entirety to read as follows:

“(B) Discharge of Guaranty Upon Sale of Guarantor. If all of the stock or partnership or membership interest of a Guarantor or any of its successors in interest under this Guaranty shall be sold or disposed of (including by merger, consolidation or dissolution) in a sale or other disposition permitted by the Credit Agreement (other than sales or transfers between the Borrower and its Restricted Subsidiaries or between or among such Restricted Subsidiaries) or that is otherwise consented to by the Required Lenders, the obligations of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any Credit Party or any other Person effective as of the time of such sale or other disposition.”

(c) The Guaranty is hereby amended by inserting the following new Section 23 at the end of such Guaranty:

“**Section 23. Keepwell.** Each Qualified ECP Guarantor (as defined below) hereby, jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this Agreement in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 23 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 23, or otherwise under this Agreement, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 23 shall remain in full force and effect until this Agreement has been terminated pursuant to Section 4. Each Qualified ECP Guarantor intends that this Section 23 constitute, and this Section shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act. As used herein, the term “Qualified ECP Guarantor” means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.”

2. Representations and Warranties. Each Guarantor hereby confirms to the Administrative Agent that the representations and warranties set forth in the Loan Documents made by such Guarantor are true and correct in all material respects as of the date hereof (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct in all material



respects as of such earlier date and, to the extent such representations and warranties are already qualified by concepts of materiality, shall be true and correct in all respects), and shall be deemed to be remade as of the date hereof. Each Guarantor hereby represents and warrants to the Administrative Agent that: (i) such Guarantor has full power, authority and legal right to execute and deliver this Amendment and to perform its obligations hereunder and under the other Loan Documents as amended hereby; (ii) upon the execution and delivery hereof, this Amendment shall be valid, binding and enforceable upon such Guarantor in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity; and (iii) the execution and delivery of this Amendment does not and shall not contravene, conflict with, violate or constitute a default under (A) the articles or certificate of incorporation, articles or certificate of formation, bylaws, limited liability company agreement or other similar constituent documents of such Guarantor, as applicable, (B) any applicable law, rule, regulation, judgment, decree or order, except for any such violation which could not reasonably be expected to have a Material Adverse Effect or (C) the provisions of any material indenture, instrument or agreement to which the Borrower or any of its Restricted Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or a Restricted Subsidiary pursuant to the terms of, any such indenture, instrument or agreement. Each Guarantor hereby confirms to the Administrative Agent that the covenants set forth in the Guaranty have been complied with, and such covenants are reaffirmed and remade as of the date hereof.

3. Ratification of Liability; Effect. Each of the Loan Documents (if applicable, as amended or otherwise modified through the date hereof) shall remain in full force and effect in accordance with their respective terms. Each Guarantor hereby ratifies and confirms its liabilities, obligations and agreements under each of the Loan Documents to which it is a party, and acknowledges that (i) as of the date hereof, such Guarantor has no defenses, claims or set-offs to the enforcement by the Administrative Agent or any other Secured Party of such liabilities, obligations and agreements, (ii) as of the date hereof the Administrative Agent and each Secured Party have fully performed all obligations to such Guarantor which the Administrative Agent and each Secured Party may have had or have on and as of the date hereof and (iii) the Administrative Agent does not waive, diminish or limit any term, condition or covenant contained in the Loan Documents (if applicable, as amended or otherwise modified through the date hereof).

4. Successors and Assigns. This Amendment shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the Administrative Agent and the Secured Parties and their respective successors and permitted assigns; all references herein to a Guarantor shall be deemed to include their respective successors and assigns. The successors and assigns of each Guarantor shall include, without limitation, their respective receivers, trustees or debtors-in-possession.

5. Further Assurances. Each Guarantor hereby agrees from time to time, as and when requested by the Administrative Agent, to execute and deliver or cause to be executed and delivered (or otherwise authorized), all such documents, instruments and agreements, including, without limitation, any UCC financing statements (including, without limitation, any initial financing statements and amendments to existing financing statements), and to take or cause to be taken such further or other action as the Administrative Agent may deem necessary or desirable in order to carry out the intent and purposes of this Amendment, the Third Amendment and the other Loan Documents.

6. Governing Law. This Amendment and any claims, controversies, disputes or causes of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Amendment and the transactions contemplated hereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York.

7. Severability. Any provision of this Amendment held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8. Merger. This Amendment constitutes the entire agreement among the parties hereto regarding the subject matters hereof and supersedes all prior agreements and understandings, oral or written, regarding such subject matters.

9. Execution in Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts (including by telecopy or by email, in .PDF or other similar electronic format), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopy, email, .PDF or other similar electronic format, shall be effective as delivery of a manually executed counterpart of this Amendment.

10. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

[Remainder of Page Intentionally Left Blank; Signatures Page Follow.]

IN WITNESS WHEREOF, this Amendment has been duly executed by the undersigned as of the day and year first set forth above.

**GUARANTORS:**

MIDLAND CREDIT MANAGEMENT, INC.  
MIDLAND INTERNATIONAL LLC,  
MIDLAND PORTFOLIO SERVICES, INC.,  
MIDLAND FUNDING LLC,  
MRC RECEIVABLES CORPORATION,  
MIDLAND FUNDING NCC-2 CORPORATION,  
ASSET ACCEPTANCE CAPITAL CORP.,

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: President

MIDLAND INDIA LLC

By: /s/ Glen V. Freter  
Name: Glen V. Freter  
Title: Treasurer

PROPEL ACQUISITION LLC,  
PROPEL FUNDING LLC

By: /s/ Kenneth A. Vecchione  
Name: Kenneth A. Vecchione  
Title: Chief Executive Officer

ASSET ACCEPTANCE RECOVERY SERVICES, LLC,  
ASSET ACCEPTANCE SOLUTIONS GROUP, LLC,  
ASSET ACCEPTANCE, LLC,  
LEGAL RECOVERY SOLUTIONS, LLC

By: /s/ Ryan Stanley  
Name: Ryan Stanley  
Title: Vice President and General Manager

[Signature Page to Amendment No. 1 to Amended and Restated Guaranty]

**ADMINISTRATIVE AGENT:**

SUNTRUST BANK, as Administrative Agent

By: /s/ Paula Mueller

Name: Paula Mueller

Title: Director

[Signature Page to Amendment No. 1 to Amended and Restated Guaranty]

**Subsidiaries**

<b>Name</b>	<b>Jurisdiction of Incorporation or Formation</b>
Apex Collections Limited	United Kingdom
Apex Credit Management Holdings Limited	United Kingdom
Apex Credit Management Limited	United Kingdom
Ascension Capital Group, Inc.	Delaware
Asset Acceptance Capital Corp.	Delaware
Asset Acceptance Recovery Services, LLC	Delaware
Asset Acceptance Solutions Group, LLC	Delaware
Asset Acceptance, LLC	Delaware
Bayfront Investment LLC	Delaware
Black Tip Capital Holdings Limited	United Kingdom
Cabot (Group Holdings) Limited	United Kingdom
Cabot Asset Purchases Ireland Limited	Ireland
Cabot Credit Management Group Limited	United Kingdom
Cabot Credit Management Limited	United Kingdom
Cabot Financial (Europe) Limited	United Kingdom
Cabot Financial (Ireland) Limited	Ireland
Cabot Financial (Luxembourg) S.A.	Luxembourg
Cabot Financial (UK) Limited	United Kingdom
Cabot Financial Debt Recovery Services Limited	United Kingdom
Cabot Financial Holdings Group Limited	United Kingdom
Cabot Financial Limited	United Kingdom
Cabot Holdings S.a.r.L	Luxembourg
Cabot Services (Europe) S.A.S	France
Cabot Spain S.L.	Spain
Carat UK Holdco Limited	United Kingdom
Carat UK Midco Limited	United Kingdom
Desert Tree Capital LLC	Delaware
Encore Asset Reconstruction Company Private Ltd.	India
Encore Capital Group, Inc.	Delaware
Encore Europe Holdings S.a.r.L	Luxembourg
Fideiconmiso PA Refinancia	Colombia
Financial Investigations and Recoveries (Europe) Ltd.	United Kingdom
Fireside Funding LLC	Delaware
GC Encore S.a.r.L	Luxembourg
Green Meadow Financial LLC	Delaware
GS Refinancia Management	Cayman Islands
Janus Holdings Luxembourg S.a.r.L	Luxembourg
Legal Recovery Solutions, LLC	Delaware
Macrocom (948) Limited	United Kingdom
Marlin Capital Europe Limited	United Kingdom
Marlin Europe I Limited	United Kingdom
Marlin Europe II Limited	United Kingdom
Marlin Europe IX Limited	United Kingdom
Marlin Europe V Limited	United Kingdom
Marlin Europe VI Limited	United Kingdom
Marlin Europe VII Limited	United Kingdom
Marlin Europe VIII Limited	United Kingdom
Marlin Europe X Limited	United Kingdom
Marlin Financial Group Limited	United Kingdom
Marlin Financial Intermediate II Limited	United Kingdom
Marlin Financial Intermediate Limited	United Kingdom
Marlin Financial Services Limited	United Kingdom
Marlin Intermediate Holdings plc	United Kingdom
Marlin Legal Services Limited	United Kingdom
Marlin Midway Limited	United Kingdom
Marlin Portfolio Holdings Limited	United Kingdom

<b>Name</b>	<b>Jurisdiction of Incorporation or Formation</b>
Marlin Senior Holdings Limited	United Kingdom
Marlin Unrestricted Holdings Limited	United Kingdom
MCE Portfolio Limited	United Kingdom
MCM Midland Management Costa Rica, S.r.L	Costa Rica
ME III Limited	United Kingdom
ME IV Limited	United Kingdom
MFS Portfolio Limited	United Kingdom
Midland Credit Management India Private Limited	India
Midland Credit Management, Inc.	Kansas
Midland Credit Mauritius Ltd.	Mauritius
Midland Funding LLC	Delaware
Midland Funding NCC-2 Corporation	Delaware
Midland India LLC	Minnesota
Midland International LLC	Delaware
Midland Portfolio Services, Inc.	Delaware
MRC Receivables Corporation	Delaware
PA FC Refinancia	Colombia
PA FC Refinancia-Fenalco Bogotá	Colombia
PFS Finance Holdings, LLC	Delaware
PFS Financial 1, LLC	Delaware
PFS Financial 2, LLC	Delaware
PFS Tax Lien Trust 2014-1	Delaware
Propel Acquisition LLC	Delaware
Propel Financial Services, LLC	Texas
Propel Funding LLC	Delaware
Propel Funding Nevada, LLC	Delaware
Propel Funding Ohio LLC	Delaware
Propel Funding Tennessee LLC	Delaware
Propel Funding Texas 2, LLC	Delaware
Referencia Perú S.A.C.	Perú
Referencia S.A.S	Colombia
Refinancia Perú S.A.	Perú
Refinancia S.A.	Colombia
RF Encore Perú S.r.L	Republic of Peru
RF Encore S.a.S	Republic of Colombia
RioProp Holdings, LLC	Texas
RNPL Advisory Corp	Virgin Islands
Snowcap Financial LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-167074) and Form S-8 (Nos. 333-125340, 333-125341, 333-125342, 333-160042 and 333-189860), of our reports dated February 25, 2014, relating to the consolidated financial statements of Encore Capital Group, Inc. and the effectiveness of Encore Capital Group, Inc.'s internal control over financial reporting which appears in this Form 10-K.

/s/ BDO USA, LLP

San Diego, California  
February 25, 2014

## SPECIAL POWER OF ATTORNEY

The undersigned constitutes and appoints Kenneth A. Vecchione and Paul Grinberg, and each of them, his true and lawful attorney-in-fact and agent with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the Securities and Exchange Commission by Encore Capital Group, Inc., a Delaware corporation, together with any and all amendments to such Form 10-K, and to file the same with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or each of them, may lawfully do or cause to be done by virtue hereof.

February 20, 2014

/s/ GEORGE LUND

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**George Lund**

February 20, 2014

/s/ WILLEM MESDAG

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**Willem Mesdag**

February 20, 2014

/s/ FRANCIS E. QUINLAN

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**Francis E. Quinlan**

February 20, 2014

/s/ NORMAN R. SORENSEN

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**Norman R. Sorensen**

February 20, 2014

/s/ J. CHRISTOPHER TEETS

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**J. Christopher Teets**

February 20, 2014

/s/ H RONALD WEISSMAN

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**H Ronald Weissman**







## ENCORE CAPITAL GROUP, INC.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
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 Encore Capital Group, Inc. (the "Company") on Form 10-K for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

/s/ KENNETH A. VECCHIONE

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**Kenneth A. Vecchione  
President and Chief Executive Officer**

February 25, 2014

/s/ PAUL GRINBERG

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**Paul Grinberg  
Executive Vice President,  
Chief Financial Officer and Treasurer**

February 25, 2014

This certification accompanies the above described Report and is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall be not be deemed filed as part of the Report.